



TC01-040

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Wireless Tower Deal Number  
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April 10, 2001

**RECEIVED**

APR 11 2001

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

Writer's E-mail Address  
[jmarashlian@helein.com](mailto:jmarashlian@helein.com)

**VIA OVERNIGHT DELIVERY**

Mr. William Bullard, Jr.  
Executive Secretary  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Ave.  
Pierre, South Dakota 57501-5070

**Re: Touch America Services, Inc.  
For Authority to Transfer its Certificate of  
Authority to Touch America, Inc.**

**Notification of Assignment of Assets to  
Touch America, Inc.**

**Request for Waiver of Customer Authorization**

Dear Mr. Bullard:

On behalf of Touch America, Inc. ("Touch America") and Touch America Services, Inc. ("Touch America Services"), its attorneys hereby submit an original and ten (10) copies of the following:

Touch America Services, Inc.  
For Authority to Transfer its Certificate of  
Authority to Touch America, Inc.;

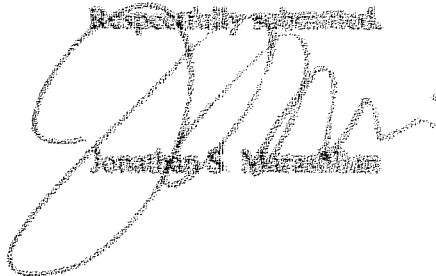
Notification of Assignment of Assets to  
Touch America, Inc.; and

Request for Waiver of Customer Authorization

An extra copy is enclosed. Please date stamp and return in the self-addressed, stamped envelope.

Please contact the undersigned at the above telephone number with questions regarding this filing.

Respectfully submitted,



Jonathan S. Marzullo

Enclosure

cc. Susan Callaghan  
John Fitzpatrick

Before the  
**STATE OF SOUTH DAKOTA**  
**PUBLIC UTILITIES COMMISSION**

Application of )  
 )  
 Touch America Services, Inc. )  
 For a Authority to Transfer its Certificate of )  
 Authority to Touch America, Inc. )  
 )  
 Notification of Assignment of Assets to )  
 Touch America, Inc. )  
 )  
 Request for Waiver )  
 of Customer Authorization Rule )

**RECEIVED**  
 APR 11 2001  
 SOUTH DAKOTA PUBLIC  
 UTILITIES COMMISSION

**APPLICATION**

Touch America Services, Inc. ("Touch America Services"), the wholly-owned, indirect subsidiary of Touch America, Inc. ("Touch America"), by its attorneys, hereby submits this Application for Authority to Transfer its Certificate of Authority to provide non-dominant, competitive resold and facilities-based interexchange telecommunications services and alternative operator services in South Dakota to its indirect parent, Touch America, pursuant to Administrative Rules of South Dakota Chapters 20:10:24:04.01 and 20:10:24:05. Touch America Services also gives notice herein of the proposed *pro forma* assignment of interexchange assets from Touch America Services to Touch America. And to the extent necessary to carry out the assignment of assets to Touch America, Touch America Services also requests that the Commission grant a waiver of Administrative Rules of South Dakota Chapter 20:10:34:02.01, governing unauthorized changes in carriers (the "Customer Authorization Rule").

## **I. BACKGROUND AND INTRODUCTION**

The South Dakota Public Service Commission ("Commission") granted Touch America Services a Certificate of Authority ("COA") to provide non-dominant, competitive resold and facilities-based interexchange telecommunications services and alternative operator services in South Dakota on June 30, 2000 in Docket No. TC00-016.

Touch America Services is a Delaware corporation.<sup>1</sup> Touch America Services was incorporated on January 5, 2000 under the name TeleDistance, Inc. ("TeleDistance") and changed its name to Touch America Services on June 23, 2000, a week before the Commission issued its Order granting a COA to Touch America Services.

Touch America Services (f.k.a. TeleDistance) was formed by Qwest Communications International Inc. ("Qwest") to facilitate the federally-mandated divestiture of its interLATA customers and assets in the 14-state former US WEST, Inc. ("US WEST") service territory ("in-region") ("Divestiture") prior to its merger with US WEST. The Divestiture followed a two-step process as follows: 1) Qwest transferred the in-region, interLATA customers and assets of its operating company subsidiaries (Qwest Communications Corporation, LCI International Telecom, Inc., Phoenix Network, Inc. and USLD Communications, Inc.) to TeleDistance; and 2) TeleDistance changed names to Touch America Services and was sold by Qwest to Touch America, Inc. on June 30, 2000. The entire process was extensively reviewed and approved by the Commission in Docket No. TC00-0016.

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<sup>1</sup> Touch America Services' Certificate of Incorporation and amendment thereto, and its Certificate to do Business in South Dakota from the South Dakota Secretary of State, attached hereto at **Exhibit A**.

Since its acquisition of Touch America Services on June 30, 2000, Touch America, which, as more fully described below, is a telecommunications company with near nationwide operations, has been serving customers transferred from Qwest, as well as acquiring new customers in South Dakota, through its subsidiary, Touch America Services.

As part of its agreement to purchase Touch America Services (f.k.a. TeleDistance) from Qwest, Touch America entered into a one-year long Transition Services Agreement ("TSA"), pursuant to which Qwest provides certain back-office and technical support needed to ease the transition of customers. At or shortly before the conclusion of the TSA, i.e., June 30, 2001, Touch America Services proposes to transfer all customers currently served under its carrier identification code ("CIC code") to Touch America's CIC code and transfer all of its remaining assets to Touch America. Once its subsidiary's assets and customers have been transferred, Touch America will file papers to dissolve Touch America Services. Touch America will remain as the corporate entity directly serving South Dakota customers. However, prior to transferring the assets and customers of its subsidiary, Touch America requires a COA to operate in South Dakota in the same capacity as its subsidiary currently does. Hence, the instant Application of Touch America Services seeking authority to transfer its COA and assign assets to Touch America.

Also, because customers subscribed to Touch America Services will technically have their preferred interexchange carrier changed if the Commission approves the instant Application, Touch America seeks a waiver of the Commission's Customer Authorization Rule to allow it to transfer customers without first obtaining their individual consent.

## II. TOUCH AMERICA AND ITS PARENT CORPORATIONS.

Touch America is a Montana corporation with its principal office and place of business located at 130 N. Main Street, Butte, Montana 59701. Touch America was incorporated on July 13, 1984 and is authorized to conduct business as a foreign corporation in South Dakota.<sup>2</sup> Customers of Touch America may reach the company by a toll free call to 1-800-823-4664. Touch America is a wholly owned subsidiary of Entech, Inc., a Montana corporation, which in turn is a wholly owned subsidiary of The Montana Power Company ("Montana Power"), also a Montana corporation. Montana Power has its principal office and place of business at 40 East Broadway, Butte, Montana 59701. Entech, Inc. has its principal office and place of business at 16 East Granite, Butte, Montana 59701. The stock of Montana Power is publicly traded on the New York Stock Exchange under the symbol "MTP."

Touch America is Montana Power's telecommunications subsidiary and the focus of its growth strategy in broadband fiber-optic and wireless spectrum applications. Touch America is the owner, operator and developer of an 18,000-mile, state-of-the-art, high-speed, fiber-optic network that is scheduled to have more than 26,000 miles of fiber by year end 2001.

Touch America, through its fiber-optic network and its expanding alliances, offers high-speed access to the Internet, a full-line of long distance services, as well as dedicated voice, data, video, ATM and frame relay solutions. The company also offers "last mile" telecommunications solutions through its FCC spectrum licenses with LMDS (local multipoint distribution service) and PCS (personal communication service) applications.

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<sup>2</sup> Touch America's Articles of Incorporation and amendments thereto, and its Certificate to do Business from the South Dakota Secretary of State are attached at **Exhibit B**.

Touch America also provides business telephone equipment and related services, using the most advanced telecommunications technology available today. Touch America's equipment services include design, installation and maintenance of PBX and key systems. Touch America also offers construction management oversight of the installation of fiber-optic systems.

In addition to the telecommunications activities of its subsidiary Touch America, Montana Power and its other subsidiaries purchase, transmit and distribute electricity; purchase, transport and distribute natural gas; and conduct non-utility operations involving the mining and sale of coal and lignite, exploration for and development, production, processing and sale of oil and natural gas (as well as trading and marketing of natural gas) and development, investment in, and operation of independent power projects and other energy-related businesses. Montana Power was incorporated in 1961 under the laws of the State of Montana as the successor to a corporation formed in 1912.

On April 28, 2000, Montana Power's Board of Directors voted to divest its energy businesses and become a stand-alone company focused entirely on telecommunications using its telecommunications subsidiary's name, Touch America. Since then, Montana Power has progressed with divestiture by selling certain energy assets. Pending shareholder approval, Montana Power is prepared to complete its corporate reorganization sometime during the summer of 2001. The ongoing corporate reorganization will not, however, affect the instant Application.



### III. TOUCH AMERICA POSSESSES THE MANAGERIAL, TECHNICAL AND FINANCIAL QUALIFICATIONS TO CONTROL TOUCH AMERICA SERVICES' CERTIFICATE OF AUTHORITY.

As demonstrated herein, Touch America is well qualified managerially, technically and financially to own and control a COA in South Dakota. Touch America will abide by all applicable statutes, orders, rules, and regulations entered into and adopted by the Commission governing the provision of telecommunications services by Touch America Services.

#### A. Managerial Qualifications.

Michael J. Meldahl, the President and Chief Operating Officer of Touch America, is also Executive Vice President and Chief Operating Officer of the Technology Division of Montana Power, and has managed communications and technology activities for Montana Power for over ten years.<sup>3</sup> Mr. Meldahl is also the President and Chief Operating Officer of the Applicant, Touch America Services.

The management team of Montana Power and Touch America are experienced providers of an array of telecommunications services. This management team has supervised the construction and operation of a fully digital fiber network (discussed further below) and oversees the provision to customers of the following telephone services: switched and dedicated long distance, travel cards, toll free telephone, Internet services, conference calling and carrier termination. Touch America currently offers telecommunications services in thirty-five (35) states and presently has staffed offices in Billings, Bozeman, Helena, Butte, Great Falls, Kalispell and Missoula, Montana; Minneapolis, Minnesota; Fargo, North Dakota; Boise, Idaho; Spokane and Seattle, Washington; Eugene and Portland, Oregon; Casper, Wyoming; Denver,

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<sup>3</sup> A directory of the directors and executive officers of Touch America, Entech, Inc. and Montana Power, and executive profiles for Touch America, are attached hereto as Exhibit C.

Colorado, Phoenix and Tucson, Arizona, and Salt Lake City, Utah. As Touch America's network expands, it expects to open new offices.

Using state-of-the-art digital switching equipment, Touch America's dedicated long distance services include intraLATA, interLATA, intrastate, interstate and international 1+ dialing, dedicated access lines, WATS lines and DS1 service. Toll free service coverage is available for in-state, regional, national and Canadian calling. Personal operator services are provided for Touch America's travel card customers. Features of Touch America's Internet services include a multi-homed broadband backbone for 90-megabit access, reliable high-speed V.90 modem, e-mail hosting and delivery and interactive web-site management and storage. Conference calling is accessible from both 800 and 1+ lines, and for both dial out and "meet me" access. At present, carrier termination services are available for independent telephone companies, long distance companies and cellular companies in Arizona, New Mexico, Nebraska, Iowa, Utah, Colorado, Idaho, Minnesota, Montana, North Dakota, Oregon, Washington and Wyoming. Touch America offers "last mile" telecommunications solutions through its FCC spectrum licenses with LMDS and PCS applications.

Not only is Michael Meldahl the President and Chief Operating Officer of both Touch America and the Applicant, Touch America Services, the entire management team of the Applicant is shared with its parent, Touch America. Therefore, Touch America's management team is well qualified to directly control the Applicant's COA.

**B. Technical Qualifications.**

Touch America possesses the technical expertise to control the Applicant's COA.

Touch America develops, constructs, operates, and maintains a fiber-optic network and digital microwave facilities. Touch America is the owner, operator and developer of an 18,000-

mile, state-of-the-art, high-speed, fiber-optic network that is scheduled to have more than 26,000 miles of fiber by year-end 2001. Currently, Touch America's fiber network extends from Chicago, Illinois, west to Seattle, south to Los Angeles, California, with both a coastal route via Portland, Oregon, and Sacramento, California, an inland route via Boise, Idaho, Salt Lake City, Utah, and Las Vegas, Nevada, from Denver north through Wyoming and Montana to the Canadian border and an inland route from Denver to Dallas, Texas, through Colorado Springs and Pueblo, Colorado, and Amarillo, Lubbock and Wichita Falls, Texas. The Seattle to Los Angeles route was accomplished through a joint construction effort among Touch America, Williams Communications and Enron Broadband Services, known as FTV Communications, LLC. Touch America served as the construction and services manager for the construction project, with certain segments acquired through fiber swaps. In total, Touch America's current fiber network spans 14 states. Touch America's network is comprised of up-to-date fiber technology and includes SL, SMF28, and LEAF fiber. Touch America also has installed or is upgrading to Dense Wave Division Multiplexing (DWDM) technology, which greatly increases the capacity of each fiber strand.

Touch America is certified, or otherwise authorized, to provide switched and dedicated interexchange telecommunications services in thirty-five states and has applications pending in the remaining contiguous United States. In no instance has any Touch America application for a federal or state telecommunications authorization been denied or rejected.

Consequently, Touch America has ample experience constructing and operating telecommunications facilities and providing telecommunications services so that it is technically well-qualified to control the Applicant's COA.

**C. Financial Qualifications.**

Touch America has substantial financial wherewithal and access to ample capital. As set forth in the financial statements for the fiscal year ending December 31, 1999, the telecommunications operations of Montana Power conducted by Touch America garnered over \$95 million in revenues for the year ending December 31, 1999, resulting in operating income of over \$35 million.<sup>4</sup> For the third Quarter 2000, Touch America's operating income was \$23.6 million with overall revenues exceeding \$122 million for the quarter.<sup>5</sup> Clearly, Touch America possesses more than adequate financial resources to provide services to directly control Applicant's assets and service its transferred customers. Touch America will supplement the instant Joint Application with its financial statements for the fiscal year ending December 31, 2000, upon the public release of said information, if requested by the Commission.

**IV. SUPPLEMENT TO INFORMATION SPECIFIED BY ADMINISTRATIVE RULES OF SOUTH DAKOTA CHAPTER 20:10:24:02.**

The following addresses the information specified by Administrative Rules of South Dakota Chapter 20:10:24:02, both at present, and following the transfer of Applicant's assets, customers, and Certificate of Authority to Touch America:

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<sup>4</sup> See audited financial statements of Touch America, Inc. for fiscal year ending December 31, 1999, at **Exhibit D**.

<sup>5</sup> See Montana Power Quarterly Summary for Third Quarter 2000, discussion of Touch America earnings, at **Exhibit D**.

**(1) The name, address, and telephone number of the applicant.**

*At Present:*

Touch America Services, Inc.  
130 N. Main Street  
Butte, Montana 59701  
Phone: 406-496-5100

*After the Stock Transfer:*

Touch America, Inc.  
130 N. Main Street  
Butte, Montana 59701  
Phone: 406-496-5100

**(2) The name under which the applicant will provide these services if different than in subdivision (1) of this section.**

*At Present:*

Touch America

*After the Transfers to Touch America:*

Touch America

As discussed in detail below, Touch America Services provides service in South Dakota under its parent company's trade name, "Touch America." Following the transfer of assets, customers and COA, Touch America will continue to provide service using its trade name. Therefore, the transition will be transparent to South Dakota subscribers.

**(3) If the applicant is a corporation:**

**(a) The state in which it is incorporated, the date of incorporation, and a copy of its certificate of incorporation or, if it is an out-of-state corporation, a copy of its certificate of authority to transact business in South Dakota from the Secretary of State.**

*At Present:*

Touch America Services was incorporated in Delaware on January 5, 2000.

See Exhibit A.

The Certificate of Authority for Touch America Services to transact business in South Dakota and its Certificate of Good Standing as a Foreign Corporation in South Dakota are attached hereto as Exhibit A.

*After the Transfers to Touch America:*

Touch America is incorporated in Montana. Touch America was incorporated on July 13, 1983. Touch America's Articles of Incorporation and Certificate of Authority to transact business in South Dakota as a Foreign Corporation are attached hereto as Exhibit B.

**(b) The location of its principal office, if any, in this state and the name and address of its current registered agent.**

*At Present:*

The registered agent for Touch America Services in the state of South Dakota is:

Corporation Service Company  
503 South Pierre St  
Pierre, SD 57501  
605-224-8803

*After the Transfers to Touch America:*

*No change.*

**(c) The name and address of each corporation, association, partnership, cooperative, or individual holding a 20 percent or greater ownership or management interest in the applicant corporation and the amount and character of the ownership or management interest.**

*At Present:*

Touch America Services Holdings, Inc. (referred to herein as "TAS Holdings"), owns all of the outstanding stock of Touch America Services. TAS Holdings is the direct subsidiary of Touch America, Inc. The address and phone number of TAS Holdings is:

TAS Holdings, Inc.  
130 N. Main Street  
Butte, Montana 59701  
(406) 496-5100

*After the Transfers to Touch America:*

Following the transfer of assets, customers and COA to its parent, Touch America Services, along with TAS Holdings will be dissolved.

**(4) If the applicant is a partnership, the name, title, and business address of each partner, both general and limited.**

*At Present:*

Not applicable.

*After the Transfers to Touch America:*

No change.

**(5) A description of the telecommunications services the applicant intends to offer.**

*At Present:*

Touch America Services provides resold and facilities-based intrastate, interexchange telecommunications and alternative operator services to residential and business customers in South Dakota. Specifically, Touch America Services provides a variety of competitive telecommunications services, including retail and wholesale switched interLATA (and in certain instances, intraLATA) long distance services (including 1- and toll free services), retail and wholesale calling card services, retail and wholesale private line services, frame relay/ATM/IP transmission services, prepaid calling card services and operator services.

*After the Transfers to Touch America:*

No change.

**(6) A detailed statement of the means by which the applicant will provide its services.**

*At Present:*

Touch America Services provides competitive telecommunications services through a combination of resale agreements and owned and leased facilities. The physical assets held by Touch America Services include fiber and associated equipment and facilities in the Qwest local exchange region.

*After the Transfers to Touch America:*

All physical assets will be transferred to Touch America. Touch America will continue to provide the same services as presently provided by Touch America Services.

**(7) The geographic areas in which the services will be offered or a map describing the service area.**

*At Present:*

Throughout the State of South Dakota.

*After the Transfers to Touch America:*

No change.

**(8) Current financial statements including a balance sheet, income statement, and cash flow statement; a copy of the applicant's latest annual report; a copy of the applicant's report to stockholders; and a copy of applicant's tariff with the terms and conditions of service.**

Touch America Services is the indirect subsidiary of Touch America, which, in turn, is the indirect subsidiary of the Montana Power Company ("Montana Power"). The financial statements of all three companies are consolidated in Montana Power's annual report to its shareholders for fiscal year ending December 31, 1999. A copy of Montana Power's most recent Annual Report is attached hereto at **Exhibit E**.

Touch America's proposed tariff mirrors Touch America Services' tariff presently on file with the Commission. A copy of which is attached hereto at **Exhibit F**.

**(9) The names, addresses, telephone number, fax number, E-mail address, and toll-free number of the applicant's representatives to whom all inquiries must be made regarding complaints and regulatory matters and a description of how the applicant handles customer billings and customer service matters.**

*At Present and after the Transfers:*

Complaints:

Mr. Brent Booth  
Manager of Customer Care  
1903 S. Russell  
P.O. Box 5207  
Missoula, Montana 59806  
Phone: (406) 523-3605  
Fax: (406) 523-3606  
E-mail: [bbooth@tamerica.com](mailto:bbooth@tamerica.com)  
Toll Free No.: (800) 823-4664

Regulatory Matters:

Mr. John Fitzpatrick  
Executive Director, Governmental &  
Regulatory Affairs  
1315 N. Main St.  
Helena, Montana 59604  
Phone: (406) 442-9194  
Fax: (406) 442-8730  
E-mail: [jfitz@tamerica.com](mailto:jfitz@tamerica.com)



For service, billing, and repair complaints, customers may contact the company's Customer Service Center 24 hours a day, seven days a week at (800) 823-4664. In addition, customers may contact the company's Customer Service Center by writing to Customer Service Center, 1903 S. Russell St., Missoula, Montana 59806.

Nothing will change as a result of the transfers to Touch America.

**(10) A list of the states in which the applicant is registered or certified to provide telecommunications services, whether the applicant has ever been denied registration or certification in any state and the reasons for any such denial, a statement as to whether or not the applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified, and a detailed explanation of why the applicant is not in good standing in a given state, if applicable.**

*At Present:*

Touch America Services is presently certified, registered or otherwise authorized to provide telecommunications services in Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming. Touch America Services is in good standing in all states in which it is authorized to conduct business.

*After the Stock Transfer:*

A list of states in which Touch America is presently certified, registered or otherwise authorized to provide telecommunications services is attached as **Exhibit G**.

**(11) A description of how the applicant intends to market its services, its target market, whether the applicant engages in any multilevel marketing, and copies of any company brochures used to assist in the sale of services.**

*At Present:*

Touch America Services markets its services to South Dakota customers through direct marketing.

*After the Transfers to Touch America:*

No change. Touch America will assume responsibility for resolving any unresolved consumer complaints following the transfer of Touch America Services' customers and COA.

**(12) Cost support for rates shown in the company's tariff for all noncompetitive or emerging competitive services.**

*At Present:*

Not applicable; all services are competitive.

*After the Transfers to Touch America:*

No change.

**(13) Federal tax identification number.**

*At Present:*

Touch America Services' federal tax identification number is 94-3352502.

*After the Transfers to Touch America:*

Touch America's federal tax identification number is 81-0451108.

**(14) The number and nature of complaints filed against the applicant with any state or federal regulatory commission regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered.**

*At Present:*

[Please fill in with information regarding formal slamming complaints filed against TAS since June 30, 2000]

*After the Transfers to Touch America:*

There are no complaints with any state or federal regulatory commission against Touch America regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered.

(15) A written request for waiver of those rules the applicant believes to be inapplicable.

**REQUEST FOR WAIVER OF ARSD 20:10:34:02.01**

Touch America Services and Touch America ("the Parties") hereby request a waiver of the Customer Authorization Rule, Administrative Rules of South Dakota Chapter 20:10:34:02.01, regarding the approved procedures for changing a subscriber's designated telecommunications company for interexchange telecommunications services. ARSD 20:10:34:02.01 states as follows:

Authorization methods. No telecommunications company may change a designated telecommunications company for interexchange or local exchange telecommunications services unless the change has been confirmed by written authorization in accordance with § 20:10:34:03, by the use of an independent third-party verification company in accordance with SDCL 49-31-90, or by electronic authorization in accordance with § 20:10:34:04.01.

The Parties request a waiver of the authorization and verification rules to effectuate the seamless and non-disruptive transition of subscribers of a subsidiary operating company, Touch America Services, to its indirect parent, Touch America. Although the transaction will result in the submission of preferred carrier change requests necessary to transition customers from Touch America Services' CIC code to Touch America's, thereby technically falling within the purview of ARSD 20:10:34:02.01, the Parties argue that a waiver is justified because it would be infeasible, or at the very least costly and unduly burdensome, for the Parties to obtain authorization and verification from each subscriber due to the sheer number of affected subscribers.

The Parties also request that the Commission forbear from imposing a customer notification requirement. As indicated in Section IV(2), supra, Touch America Services operates in South Dakota and interfaces with South Dakota customers under its parent's trade name, "Touch America." For example, all customer billing statements reflect the name "Touch America" and Touch America's logo, customers calling Touch America Services' customer service center are greeted by a "Touch America" representative, and all other interactions between the carrier and customer are engaged in under the "Touch America" trade name and logo. Therefore, should the Commission approve the transfer of Touch America Services' COA and consent to the transfer of customers and assets as requested herein, South Dakota customers currently PIC'd to Touch America Services would be transitioned to Touch America's CIC code, but would not notice nor would they experience any difference in service, either in appearance, quality or otherwise.

The Parties have shown good cause as to why the Customer Authorization Rule should be waived. In addition, the Parties have shown good cause as to why there is no customer notification necessary. The Parties therefore pray for relief from the Customer Authorization Rule and any related customer notification requirement.

**(16) Other information requested by the Commission needed to demonstrate that the applicant has sufficient technical, financial, and managerial capabilities to provide the interexchange services it intends to offer consistent with the requirements of this chapter and other applicable rules and laws.**

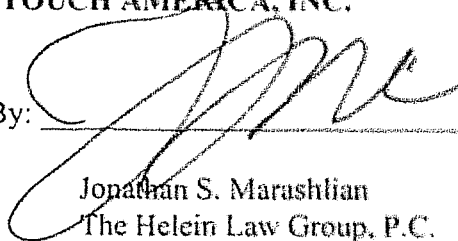
Following the transfers, Touch America will abide by all applicable statutes, orders, rules, and regulations entered and adopted by the Commission.

**V. CONCLUSION**

Touch America possesses the requisite managerial, technical and financial qualifications to be certified as a competitive telecommunications and alternative operator services provider in South Dakota and waiver of the Customer Authorization Rule is warranted. Therefore, Touch America Services respectfully requests that the Commission grant it the authority to transfer its Certificate of Authority to provide non-dominant, competitive resold and facilities-based interexchange telecommunications services and alternative operator services in South Dakota to its direct parent, Touch America, pursuant to Administrative Rules of South Dakota Chapters 20:10:24:04.01 and 20:10:24:05 and waive the Customer Authorization Rule and related customer notification requirements of Chapter 20:10:34:02.01.

**TOUCH AMERICA SERVICES, INC.  
TOUCH AMERICA, INC.**

By: \_\_\_\_\_



Jonathan S. Marashlian  
The Helein Law Group, P.C.  
8180 Greensboro Drive, Suite 700  
McLean, VA 22101-3828  
Phone: (703) 714-1313  
Fax: (703) 714-1330


Their Counsel

Dated: April 10, 2001

VERIFICATION

State of Montana               )  
  )  
  )     ss.  
County of Silver Bow         )

I, Michael J. Meldahl, hereby declare under penalty of perjury that I am President and Chief Operating Officer of Touch America Services, Inc. and Touch America, Inc.; that I am authorized to make this declaration on their behalf, and that the facts stated in the foregoing submission relating to such companies are true and correct to the best of my knowledge, information and belief.


By:   
Michael J. Meldahl  
Touch America Services, Inc.  
Touch America, Inc.  
130 E. Main Street  
Butte, Montana 59701

Executed on: 3/20/01

State of Montana  
County of Butte Silver Bow

Signed before me on March 20, 2001  
By Michael J. Meldahl  
President of Touch America, Inc.

(Seal)                                 )

  
(Signature of notarial officer)

My Commission expires: 6/1/2004

## LIST OF EXHIBITS

- EXHIBIT A – Touch America Services' Certificate of Incorporation and Certificate to do Business in South Dakota
- EXHIBIT B – Touch America's Articles of Incorporation and Certificate to do Business in South Dakota
- EXHIBIT C – Executive Directory and Profiles
- EXHIBIT D – Audited financial statements of Touch America, Inc. for fiscal year ending December 31, 1999
- EXHIBIT E – Montana Power Company Annual Report for Fiscal Year ending December 31, 1999
- EXHIBIT F – Proposed Tariff
- EXHIBIT G – List of States Where Touch America is Authorized to Provide Telecommunications Services

EXHIBIT A

Touch America Services' Certificate of Incorporation and  
Certificate to do Business in South Dakota



State of Delaware  
Office of the Secretary of State

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PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THAT THE SAID "TELEDISTANCE, INC.", FILED A CERTIFICATE OF AMENDMENT, CHANGING ITS NAME TO "TOUCH AMERICA SERVICES, INC.", THE EIGHTH DAY OF JUNE, A.D. 2000, AT 4:30 O'CLOCK P.M.



*Edward J. Freel*

Edward J. Freel, Secretary of State

AUTHENTICATION:

3153993 8320

0491905

# SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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## CERTIFICATE OF AUTHORITY

To Conduct Business As A Telecommunications Company  
Within The State Of South Dakota

Authority was Granted June 20, 2000  
Docket No. TC00-016

*This is to certify that*

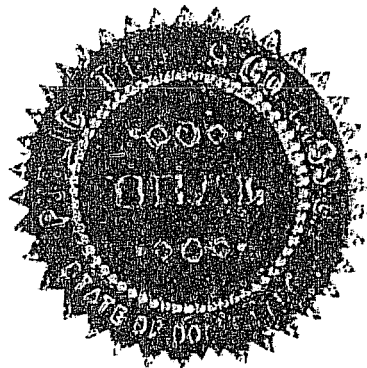
**TOUCH AMERICA SERVICES, INC.**

*is authorized to provide telecommunications services in South Dakota.*

This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 30<sup>th</sup> day of June, 2000.

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION:



*James A. Burg*  
\_\_\_\_\_  
JAMES A. BURG, Chairman

*Pam Nelson*  
\_\_\_\_\_  
PAM NELSON, Commissioner

*Laska Schoenfelder*  
\_\_\_\_\_  
LASKA SCHOENFELDER, Commissioner

# State of South Dakota

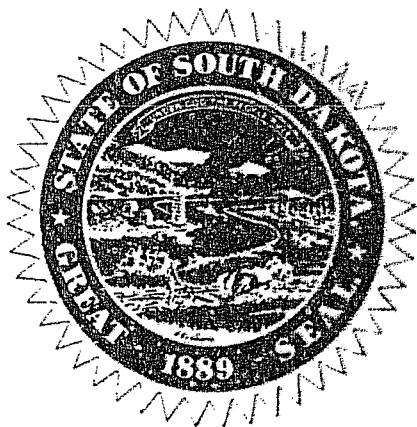


## OFFICE OF THE SECRETARY OF STATE

### Certificate of Good Standing Foreign Corporation

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, do hereby certify that TOUCH AMERICA SERVICES, INC. (DE) was authorized to transact business in this state on February 16, 2000 I, further certify that said corporation has complied with the South Dakota law governing foreign corporations transacting business in this state, and so far as the records of this office show, said corporation is in good standing in this State at the date hereof and duly authorized to transact business in the State of South Dakota. This certificate is not to be construed as an endorsement, recommendation or notice of approval of the corporation's financial condition or business activities and practices. Such information is not available from this office.

IN TESTIMONY WHEREOF, I  
have hereunto set my hand and  
affixed the Great Seal of the State of  
South Dakota, at Pierre, the Capital,  
this June 23, 2000.



Joyce Hazeltine  
Secretary of State

# State of South Dakota



## OFFICE OF THE SECRETARY OF STATE

Department of State

United States of America, }

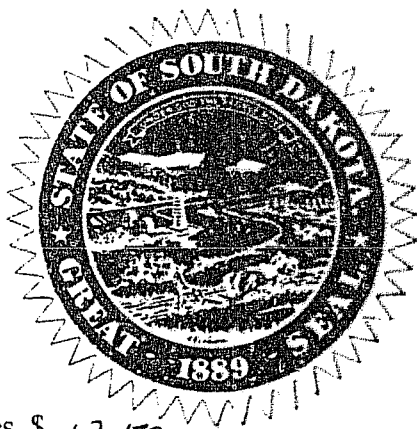
}

Secretary's Office

State of South Dakota }

This is to certify that the attached instrument of writing is a true, correct and examined copy of the Application for Amended Certificate of Authority for TELEDISTANCE, INC. changing its name to TOUCH AMERICA SERVICES, INC. (DE) filed in this office on June 23, 2000

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the state of South Dakota at the city of Pierre, the capital, this June 23, 2000.



Fees, \$ 12.00

Joyce Hazeltine  
Secretary of State

# State of South Dakota



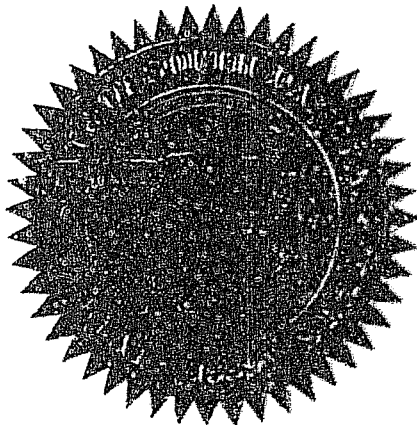
## OFFICE OF THE SECRETARY OF STATE

### Amended Certificate of Authority

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that duplicate of the Application for an Amended Certificate of Authority of **TELEDISTANCE, INC.** changing its name to **TOUCH AMERICA SERVICES, INC. (DE)** to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Amended Certificate of Authority and attach hereto a duplicate of the application to transact business in this state.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this June 23, 2000.



Joyce Hazeltine  
Secretary of State

EXHIBIT B

Touch America's Certificate of Incorporation and  
Certificate to do Business in South Dakota

# State of South Dakota

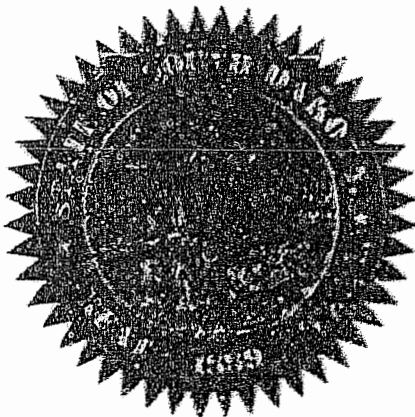


## OFFICE OF THE SECRETARY OF STATE


### CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of TOUCH AMERICA, INC. (NY) to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this July 26, 1999.

  
JOYCE HAZELTINE  
Secretary of State

ARTICLES OF AMENDMENT  
TO THE ARTICLES OF INCORPORATION  
OF  
TRI TOUCH AMERICA, INC.

937709  
STATE OF MONTANA  
**FILED**  
NOV 30 1995  
SECRETARY OF STATE

Pursuant to the provisions of Section 35-1-230, M.C.A., the undersigned corporation adopts the following Articles of Amendments to its Articles of Incorporation.

FIRST: The name of the corporation is TRI Touch America, Inc.

SECOND: The amendment so adopted is as follows: Article I of the Articles of Incorporation of the corporation is amended to read: "Article I. The name of the corporation is Touch America, Inc."

THIRD: The Board of Directors approved this amendment on the 21st day of November, 1995, and recommended the amendment to the shareholders. The shareholders approved this amendment on the 21st day of November 1995.

FOURTH: Presently there are 430 shares of common, voting stock outstanding. These shares are entirely owned by Entech, Inc., and Entech, Inc. voted all 430 shares in favor of the amendment.

DATED this 21st day of November, 1995.

TRI TOUCH AMERICA, INC.

By:

  
Michael J. Meidahl, President

By:

  
Pamela K. Merrill



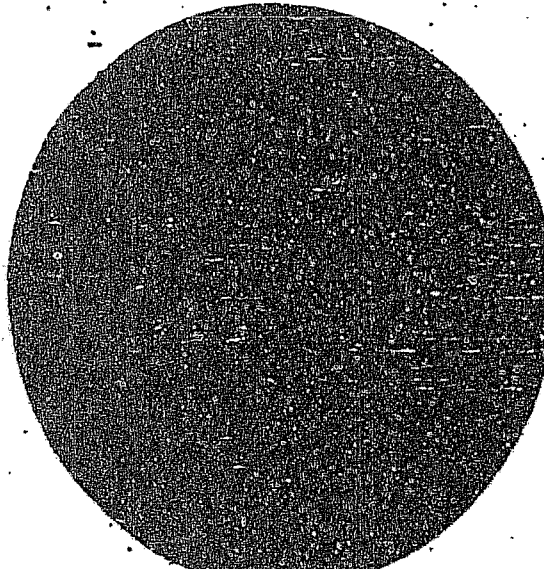
SECRETARY OF STATE  
STATE OF MONTANA

CERTIFICATE OF AMENDMENT  
TO THE CERTIFICATE OF INCORPORATION

I, MIKE COONEY, Secretary of State of the State of Montana, do hereby certify that the Articles of Amendment to the Articles of Incorporation of TELECOMMUNICATIONS RESOURCES, INC., a Montana profit corporation, duly executed pursuant to the provisions of Section 35-1-230, Montana Code Annotated, has been received in my office and conform to law.

NOW, THEREFORE, I, MIKE COONEY, as such Secretary of State, by virtue of the authority vested in me by law, hereby issue this Certificate of Amendment to the Certificate of Incorporation of TELECOMMUNICATIONS RESOURCES, INC., a Montana profit corporation, changing its name to TEL COMM AMERICA, INC. and attach hereto a copy of the Articles of Amendment to the Articles of Incorporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Montana, at Helena, the Capital, this May 5, A.D. 1992.



*Mike Cooney*  
MIKE COONEY  
Secretary of State

U O P U

ARTICLES OF AMENDMENT  
TO THE ARTICLES OF INCORPORATION  
OF  
TELECOMMUNICATIONS RESOURCES, INC.

STATE OF MONTANA

FILED

MAY 05 1992

SECRETARY OF STATE

Pursuant to the provisions of Section 35-1-230, M.C.A., the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation.

FIRST: The name of the corporation is Telecommunications Resources, Inc.

SECOND: The amendment so adopted is as follows: Article I of the Articles of Incorporation of the corporation is amended to read: "Article I. The name of the corporation is TRI Touch America, Inc."

THIRD: The Board of Directors approved this amendment on the 23rd day of March, 1992, and recommended the amendment to the shareholders. The shareholders approved this amendment on the 24th day of March, 1992.

FOURTH: Presently there are 430 shares of common, voting stock outstanding. These shares are entirely owned by Entech, Inc., and Entech, Inc. voted all 430 shares in favor of the amendment.

DATED this 25th day of March, 1992.

TELECOMMUNICATIONS RESOURCES, INC.

By:

Michael J. Meldani  
Michael J. Meldani, President

By:

John Carl  
John Carl, Secretary

Office of the Secretary of State



STATE OF MONTANA

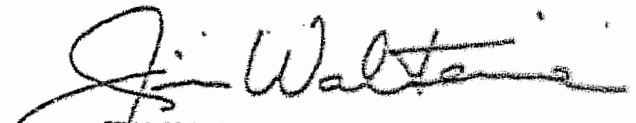
CERTIFICATE OF INCORPORATION

I, JIM WALTERMIRE, Secretary of State of the State of Montana, do hereby certify that duplicate originals of the Articles of Incorporation for the incorporation of TELECOMMUNICATIONS RESOURCES, INC., a Montana corporation, duly executed pursuant to the provisions of Section 35-1-203, Montana Code Annotated, have been received in my office and conform to law.

NOW, THEREFORE, I, JIM WALTERMIRE, as such Secretary of State, by virtue of the authority vested in me by law, hereby issue this Certificate of Incorporation to TELECOMMUNICATIONS RESOURCES, INC., a Montana corporation, and attach hereto a duplicate original of the Articles of Incorporation.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Montana, at Helena, the Capital, this July 13, A.D. 1983.

  
JIM WALTERMIRE  
Secretary of State

FILED

JUL 13 1983

JIM WALTERMIRE  
SECRETARY OF STATE

*Jim Waltermire*  
7/12/83

ARTICLES OF INCORPORATION

OF

TELECOMMUNICATIONS RESOURCES, INC.

The undersigned, acting as incorporators of a corporation under the Montana Business Corporation Act, adopt the following Articles of Incorporation for such corporation:

ARTICLE I

The name of the corporation is Telecommunications Resources, Inc.

ARTICLE II

The period of its duration is perpetual.

ARTICLE III

The purpose for which the corporation is formed is the transaction of any lawful business for which a corporation may be formed under the Montana Business Corporation Act.

ARTICLE IV

The aggregate number of shares which the corporation shall have authority to issue is 50,000 common shares having no par value.

ARTICLE V

The address of its initial registered office is 40 East Broadway, Butte, Montana 59701, and the name of its registered agent at such addresss is C. J. Gilder.

ARTICLE VI

The number of directors constituting the initial Board of Directors is six (6) and the names and addresses of the persons who are to serve as directors until the first annual

meeting of shareholders or until their successors are elected and qualify are:

J. A. McElwain  
40 East Broadway  
Butte, Montana 59701

R. J. Labrie  
40 East Broadway  
Butte, Montana 59701

John Carl  
40 East Broadway  
Butte, Montana 59701

W. P. Schmechel  
40 East Broadway  
Butte, Montana 59701

R. Thomas Lough  
40 East Broadway  
Butte, Montana 59701

O. P. Rice  
40 East Broadway  
Butte, Montana 59701

ARTICLE VII

The names and addresses of the incorporators are:

J. A. McElwain  
40 East Broadway  
Butte, Montana 59701

R. J. Labrie  
40 East Broadway  
Butte, Montana 59701

John Carl  
40 East Broadway  
Butte, Montana 59701

W. P. Schmechel  
40 East Broadway  
Butte, Montana 59701

R. Thomas Lough  
40 East Broadway  
Butte, Montana 59701

O. P. Rice  
40 East Broadway  
Butte, Montana 59701

DATED: July 7, 1983.

Robert J. Labrie  
INCORPORATOR

O. P. Rice  
INCORPORATOR

J. A. McElwain  
INCORPORATOR

R. Thomas Lough  
INCORPORATOR

W. P. Schmechel  
INCORPORATOR

John Carl  
INCORPORATOR

STATE OF MONTANA

County of Silver Bow

)  
) ss.  
)

On this 7<sup>th</sup> day of July, in the year 1983, before me, the undersigned Notary Public, personally appeared J. A. McELWAIN, W. P. SCHEMCKEL, R. J. LABRIE, O. P. RICE, JOHN CARL and R. THOMAS LOUGE, known to me to be the persons whose names are subscribed to the within Articles of Incorporation, and acknowledged to me that they executed the same.

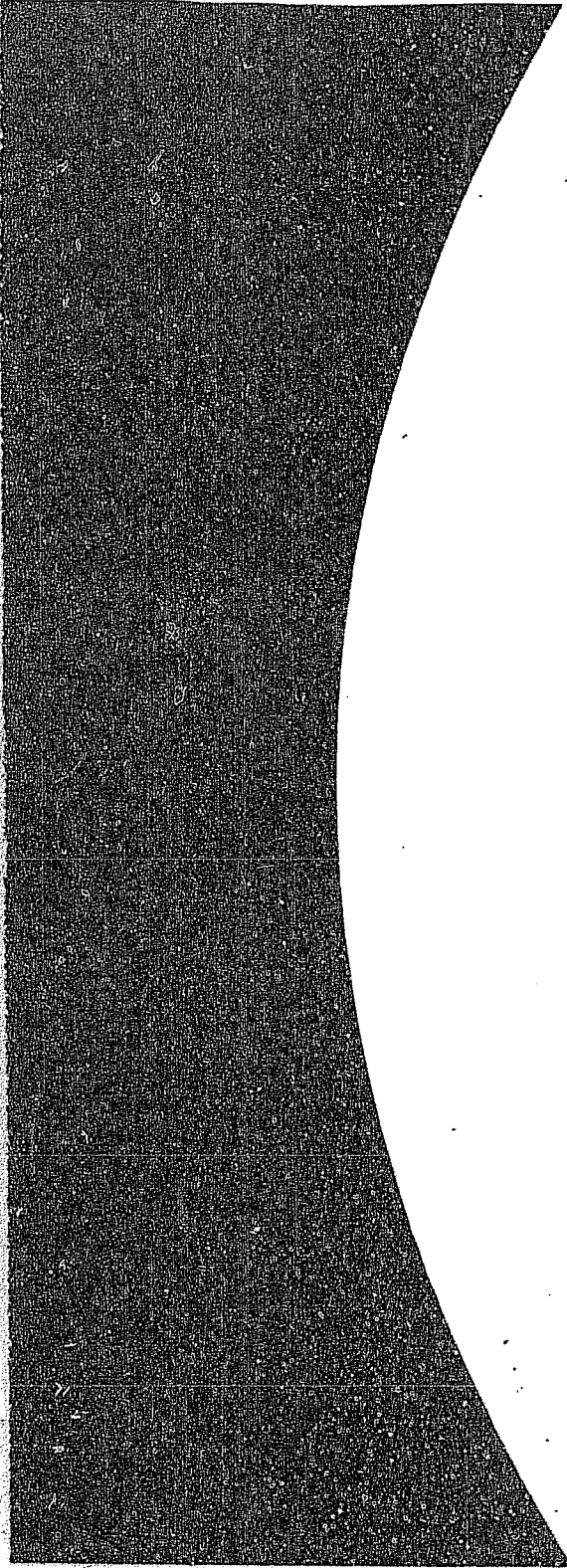
*Ellie C McArthur*

Notary Public for the State of  
Montana  
Residing at Butte, Montana  
My Commission Expires 10/12/84

WJCEM

**EXHIBIT D**

Audited financial statements of Touch America, Inc. for fiscal year ending ~~December 31, 1999~~  
And Third Quarter Summary for Fiscal Year 2000



# Financial Statements

Touch  
America™



**TOUCH AMERICA, INC.**

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**Report of Independent Accountants**

To the Board of Directors of  
Touch America, Inc.

In our opinion, the accompanying balance sheet and the related statements of income and retained earnings and of cash flows present fairly, in all material respects, the financial position of Touch America, Inc. at December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As more fully discussed in Note 1 to the financial statements, as of July 1, 1999, the Company changed its method of accounting for dark fiber transactions.

*PricewaterhouseCoopers LLP*

May 3, 2000

**TOUCH AMERICA, INC.**

**BALANCE SHEET**

**ASSETS**

	December 31	
	1999	1998
	(Thousands of Dollars)	
<b>Current assets:</b>		
Cash and cash equivalents.....	\$ 35	\$ 118
Accounts and notes receivable:		
Trade, net of allowance for doubtful accounts.....	20,021	6,769
Related parties.....	4,527	30,538
Inventory.....	4,167	3,350
Deferred income taxes.....	1,082	4,107
Prepaid expenses and other assets.....	601	556
	<u>30,433</u>	<u>45,438</u>
<b>Other assets:</b>		
Investments.....	39,690	30,895
Other.....	218	395
	<u>39,908</u>	<u>31,290</u>
<b>Deferred income taxes</b> .....	96,491	-
<b>Property, plant, and equipment:</b>		
Land.....	579	476
Buildings and structures.....	3,762	3,053
Fiber-optic network.....	48,995	52,503
Communications equipment.....	55,195	51,804
Office furniture and equipment.....	1,182	825
Vehicles.....	684	588
Construction work-in-progress.....	129,772	15,431
	<u>240,169</u>	<u>124,678</u>
Less – accumulated depreciation and amortization.....	21,360	12,314
	<u>218,809</u>	<u>112,364</u>
	<u>\$ 385,641</u>	<u>\$ 189,090</u>

# TOUCH AMERICA, INC.

## BALANCE SHEET

### LIABILITIES AND SHAREHOLDER'S EQUITY

	December 31	
	1999	1998
	(Thousands of Dollars)	
<b>Current liabilities:</b>		
Accounts payable:		
Trade.....	\$ 29,241	\$ 6,103
Related parties .....	55,345	107,051
Income taxes payable.....	23,233	5,270
Deferred revenue .....	25,479	1,039
Other.....	157	7
	<u>133,455</u>	<u>119,470</u>
<b>Deferred credits and long-term liabilities:</b>		
Deferred revenue .....	215,195	15,734
Deferred income taxes .....	-	2,300
Other deferred credits.....	164	59
	<u>215,359</u>	<u>18,090</u>
<b>Commitments and contingencies</b>		
<b>Shareholder's equity:</b>		
Common stock, (no par value; 50,000 shares authorized; 430 shares issued and outstanding) .....	43	43
Additional paid-in capital .....	9,654	9,654
Retained earnings, per accompanying statement.....	27,130	41,833
	<u>36,827</u>	<u>51,530</u>
	<u>\$ 385,641</u>	<u>\$ 189,090</u>

The accompanying notes are an integral part of these financial statements.

# TOUCH AMERICA, INC.

## STATEMENT OF INCOME AND RETAINED EARNINGS

	Year Ended December 31	
	1999	1998
	(Thousands of Dollars)	
<b>Revenues:</b>		
Revenues from operations .....	\$ 83,080	\$ 87,592
Earnings from equity investments .....	10,435	10,758
	93,515	98,350
<b>Operating expenses:</b>		
Operations and maintenance .....	33,367	28,044
Selling, general, and administrative .....	11,708	11,327
Taxes other than income taxes .....	3,762	3,203
Depreciation and amortization .....	9,046	6,953
	57,883	47,527
Income from operations .....	35,632	50,823
Other income – net .....	627	919
	36,259	51,642
Income before income taxes .....	36,259	51,642
Income taxes .....	13,962	20,392
	22,297	31,250
Retained earnings, beginning of year .....	41,833	10,583
Dividends paid .....	(37,000)	-
Retained earnings, end of year .....	\$ 27,130	\$ 41,833

The accompanying notes are an integral part of these financial statements.

# TOUCH AMERICA, INC.

## STATEMENT OF CASH FLOWS

	Year Ended December 31	
	1999	1998
	(Thousands of Dollars)	
<b>Net cash flows from operating activities:</b>		
Net income .....	\$ 22,297	\$ 31,250
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	9,046	6,953
Deferred income taxes.....	(95,766)	(6,211)
Earnings from equity investments.....	(10,435)	(10,758)
Changes in assets and liabilities:		
Accounts and notes receivable – trade.....	(13,252)	1,519
Accounts and notes receivable – related parties.....	26,009	(28,954)
Inventory.....	(817)	(427)
Accounts and taxes payable – trade.....	23,138	(1,134)
Accounts and taxes payable – related parties.....	(51,706)	41,093
Income taxes payable .....	17,963	5,225
Deferred revenue.....	233,368	(2,441)
Other assets and liabilities .....	390	803
Net cash provided by operating activities .....	160,235	36,918
<b>Net cash flows from investing activities:</b>		
Capital expenditures.....	(115,491)	(31,011)
Investment in partnerships.....	(26,141)	(5,910)
Distributions from investments.....	18,314	-
Net cash used for investing activities .....	(123,318)	(36,921)
<b>Net cash flows from financing activities:</b>		
Dividends paid.....	(37,000)	-
Net cash used for financing activities .....	(37,000)	-
Net decrease in cash and cash equivalents.....	(83)	(3)
Cash, beginning of year .....	118	121
Cash, end of year.....	\$ 35	\$ 118
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during year for:		
Income taxes .....	91,765	21,378

The accompanying notes are an integral part of these financial statements.

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# **TOUCH AMERICA, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### **NATURE OF BUSINESS**

Touch America, Inc. is a wholly owned subsidiary of Entech, Inc. (Entech), which is a wholly owned subsidiary of The Montana Power Company (Montana Power). We are a fully integrated telecommunications company providing private-line, long-distance, Internet, and other telecommunications products and services. We design, develop, construct, own, operate, maintain, and manage a fiber-optic network and wireless facilities. Our fiber-optic network spans 14 states and consists of approximately 11,000 operational and approximately 12,000 under-construction route miles at the end of 1999. We either hold title to, or have contractual fiber-use rights in, these route miles. The fiber-use rights are granted through Indefeasible Rights-of-Use (IRU) agreements, which allow the holder sole use of the route.

We are focused on expanding our fiber-optic network and increasing network traffic through a combination of relationships with major customers (large-volume commercial or wholesale customers), investments with third parties, and acquisitions. We provide wholesale services through leases of lit (fully operational) or dim (regeneration equipment but no optical equipment) fiber capacity, and dark (no optical or regeneration equipment) fiber-use rights to other telecommunications companies. We are able to create the "last-mile" connection with our Personal Communication Services (PCS) and Local Multi-Point Distribution Services (LMDS) technologies, which allow us to connect our customers to our fiber network via wireless applications.

We have four divisions: 1) private-line services division, which through our broadband fiber network, provides dedicated voice, data, video, ATM, and frame-relay services, and leases network capacity to other telecommunications companies principally through IRU agreements; 2) long-distance services division, which provides retail, wholesale, carrier, and Internet services; 3) equipment services division, which installs and maintains digital switching equipment, ready for complete integration into networks, the Internet, voice messaging, call centers, and e-business; and 4) local-access services division, which provides wireless services to create "last-mile" connections to customers through our PCS and LMDS technologies.

We have staffed offices in Minneapolis, Minnesota; Fargo, North Dakota; Billings, Bozeman, Helena, Butte, Great Falls, Kalispell, and Missoula, Montana; Boise, Idaho; Spokane and Seattle, Washington; Portland and Eugene, Oregon; Casper, Wyoming; and Denver, Colorado.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting and Use of Estimates**

Our accounting policies and preparation of these financial statements conform with Generally Accepted Accounting Principles, which require the use of estimates based on information available. Actual results may differ from our accounting estimates as new events occur or we obtain additional information.

##### **Cash and Cash Equivalents and Temporary Investments**

We consider all liquid investments with original maturities of three months or less as cash equivalents, and investments with original maturities over three months and up to one year as temporary investments.



**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):**

**Accounts Receivable**

Accounts receivables are presented net of allowance for doubtful accounts of \$744,000 in 1999 and \$540,000 in 1998. We evaluate and provide for our allowance for doubtful accounts based upon a percentage of historical revenues.

**Inventory**

We state our inventory at cost, as determined on an average-cost basis, which does not exceed market value. Inventory consists primarily of materials held for resale, partially assembled components, and material used in the maintenance of our fiber-optic network. When appropriate, we have made provisions to reduce obsolete or unusable inventory to estimated useful or scrap values.

**Property, Plant, and Equipment**

We record property, plant, and equipment at cost. We charge maintenance and repairs to operations expense as incurred, and we capitalize improvements. We classify costs associated with uncompleted portions of our fiber-optic network as construction work in progress and, upon completion, classify the costs as network systems. For joint-build construction contracts, we record the total costs of construction reduced by reimbursements received, resulting in a net cost of the asset constructed. We record exchanges of fiber-use rights (swaps) as the cost of the asset transferred plus cash paid, if any, or, if cash is received, as the cost of the asset transferred less cash received. We recognize gains or losses upon the sale or disposition of property, plant, and equipment.

We depreciate and amortize our property, plant, and equipment on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Classification</u>	<u>Years</u>
Buildings and structures	30
Fiber-optic network	20
Communications equipment	10
Office furniture and equipment	5
Vehicles	5

**Asset Impairment**

In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," we periodically review long-lived assets for impairment whenever events or changes in circumstances indicate that we may not recover the carrying amount of an asset.

**Deferred Revenues**

We defer revenues to account for the timing differences between when a customer is billed and revenues are earned and reflect these amounts on the Balance Sheet in "Deferred Revenue." We classify the current portion of these amounts as "Current Liabilities" on the Balance Sheet. For further information on our deferred revenues, see Note 4, "Deferred Revenue."

**Fair Value of Financial Instruments**

We have estimated the fair value of our financial instruments using available market information and appropriate valuation methodologies in accordance with Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments." All of our material financial instruments, mainly current assets and liabilities, are recognized on the Balance Sheet as of December 31, 1999 and 1998. The value reflected on the Balance Sheet (carrying value) approximates fair value for our financial assets and liabilities as they have short maturities or are invested in financial instruments with short maturities.

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):**

**Revenue and Expense Recognition**

We record revenues monthly on the basis of consumption or service rendered. To match revenues with associated expenses, we accrue unbilled revenues for services delivered to customers but not yet billed at month-end.

In conjunction with our efforts to expand our fiber-optic network, we entered into agreements to grant and exchange fiber-use rights, principally through IRU agreements. Prior to July 1, 1999, we recognized revenues of fiber-use rights that qualified for sales-type lease accounting at the time of delivery and acceptance of the dark fiber by the customer. For those transactions, we determined cost of revenue by allocating the total estimated costs of the network to the specific fibers granted to the customer.

We have changed our revenue recognition policy, effective July 1, 1999, with the Financial Accounting Standards Board issuance of Interpretation No. 43, "Real Estate Sales," an Interpretation of Statement of Financial Accounting Standards No. 66. This interpretation was effective for transactions entered into after June 30, 1999 and requires entities to recognize revenues on fiber-use right agreements, or similar agreements, over the period of the agreement rather than at the time of execution if title to the fiber does not transfer to the customer by the end of the agreement term. In granting fiber-use rights, therefore, we record these transactions as operating leases and recognize revenues over the term of the agreement. The effect of this change in accounting resulted in approximately \$7,000,000 of revenues that we did not record in 1999 from fiber-use right transactions entered into after June 30, 1999.

**Income Taxes**

We are included in the consolidated federal income tax return of Montana Power. However, income tax expense is provided as if we filed a separate consolidated income tax return. The provision for income taxes includes both amounts payable currently as well as amounts deferred as a result of differences between the financial reporting basis and tax basis of our assets and liabilities.

Deferred income taxes are provided for temporary differences that are reported in different years for financial accounting and income tax purposes. The deferred income taxes are calculated using the income tax rates which will be in effect when the temporary differences reverse. For additional information on income taxes, see Note 3, "Income Taxes."

**Regulatory**

In providing interstate telecommunications services, we comply with federal telecommunications laws and regulations prescribed by the Federal Communications Commission. At the state level, we are subject to regulations by the various state public service commissions. We do not expect actions by these regulatory agencies to adversely affect our operations.

**NOTE 2 - INVESTMENTS:**

We record our initial investment at cost and have accounted for these investments under the equity method because we maintain a 20 to 50 percent ownership interest, or we otherwise have the ability to exercise significant influence over the financial and operating policies. Our investments consist of the following:

	December 31	
	1999	1998
	(Thousands of Dollars)	
FTV Communications LLC (FTV) .....	\$ 16,355	\$ 30,565
TW Wireless LLC (TWW).....	13,626	-
Northern Colorado Telecommunications LLC .....	9,276	-
Other investments .....	433	330
	<u>\$ 39,690</u>	<u>\$ 30,895</u>

**FTV:** In 1997, we formed a company with Williams Communications, Inc. and Enron Broadband Services to construct, own, operate, and maintain an approximately 1,700-mile fiber-optic network from Portland to Los Angeles.

**TWW:** In August 1999, we and US WEST Wireless formed a company to provide "one-number" wireless telephone service in an eight-state region of the Pacific Northwest and Upper Midwest. That service provides a customer with one directory number for PCS phone and home or business phone.

**Northern Colorado Telecommunications LLC:** In August 1999, we and New Century Energies (NCE) formed a company to provide a full range of telecommunication services, including private-line service, to enterprises in the Denver metropolitan area by the middle of 2000.

**Iowa Telecommunications Services, Inc. (ITS):** In June 1999, we and Iowa Network Services, Inc. (INS) formed ITS. ITS plans to will purchase from a third party 280,422 domestic access lines connected to 298 telephone exchanges in Iowa. As of December 31, 1999, we did not record an initial investment in ITS as we have not made our initial equity contribution. However, in 1999, we did loan ITS approximately \$2,700,000 which is payable to us upon demand. See Note 9, "Subsequent Events," for additional discussion regarding our investment.

**NOTE 3 - INCOME TAXES:**

Income taxes charged (credited) to income are as follows:

	Year Ended December 31	
	1999	1998
<b>Current</b>		
Federal .....	\$ 93,560	\$ 22,414
State .....	16,168	4,189
	<u>109,728</u>	<u>26,603</u>
<b>Deferred</b>		
Federal .....	(81,403)	(5,237)
State .....	(14,363)	(974)
Total deferred .....	(95,766)	(6,211)
Total provision .....	\$ 13,962	\$ 20,392

Deferred income taxes liabilities (assets) are comprised of the following:

	December 31	
	1999	1998
Plant - depreciation, amortization, and dispositions .....	\$ 5,329	\$ 3,887
Other temporary differences .....	3,963	93
Gross deferred tax liabilities .....	9,292	3,980
Tax revenues .....	(105,080)	(1,066)
Book revenues .....	(965)	(3,987)
Book expenses .....	(820)	(734)
Gross deferred tax assets .....	(106,865)	(5,787)
Net deferred assets .....	\$ (97,573)	\$ (1,807)

Expected income taxes, calculated by multiplying net income before income taxes by the United States income tax rates of 35 percent, are reconciled to actual income taxes as follows:

	Year Ended December 31	
	1999	1998
Expected income taxes .....	\$ 12,691	\$ 18,075
Adjustments for the tax effects of:		
State income taxes net of federal benefit .....	1,227	2,305
Other .....	44	12
Actual income taxes .....	\$ 13,962	\$ 20,392

**NOTE 3 - INCOME TAXES (CONTINUED):**

Deferred income taxes consist of the following:

	Year Ended December 31	
	1999	1998
	(Thousands of Dollars)	
Depreciation and amortization.....	\$ 1,442	\$ 620
Deferred revenues .....	(100,993)	(6,620)
Deferred expenses.....	(78)	(309)
State .....	3,863	98
	<u>\$ (95,766)</u>	<u>\$ (6,211)</u>

**NOTE 4 - DEFERRED REVENUE:**

Deferred revenue for 1999 relates primarily to a \$257,000,000 prepayment received in January 1999, representing all amounts due for the remaining initial term (twelve years) of a telecommunications contract. We are recognizing this revenue ratably over the remaining term of the contract.

**NOTE 5 - CONCENTRATION OF CREDIT RISK AND SIGNIFICANT CUSTOMERS:**

Because we derive a portion of our revenues from services provided to other telecommunications companies, we have some concentration of credit risk among our customer base. We perform ongoing credit evaluations of the financial condition of our larger customers, but we have not required significant collateral to support our receivables.

A small number of customers account for a significant amount of our total revenues. For the years ended December 31, 1999 and 1998, the customer that exercised the prepayment option in January 1999, discussed in Note 4, represented approximately 24 percent and 46 percent of our total revenues, respectively.

**NOTE 6 - RETIREMENT PLANS:**

Under Montana Power's Pension Plan, we maintain trustee, noncontributory retirement plans covering substantially all of our employees. Prior to 1998, retirement benefits were based on salary, years of service, and social security integration levels. In 1998, the retirement plan's benefit provisions were amended, and retirement benefits are now based on salary, age, and years of service.

Plan assets consist primarily of domestic and foreign corporate stocks, domestic corporate bonds, and United States Government securities.

Certain senior management executives participate in an unfunded, nonqualified Montana Power benefit plan. In December 1998, benefits earned were frozen, and this plan was curtailed.

Under Montana Power's Flexible Benefits Plan, we provide certain health care and life insurance benefits for eligible retired employees.

In conjunction with the retirement plan, we have a voluntary retirement savings plan. We contribute a matching percentage comprised of shares from a leveraged Employee Stock Ownership Plan arrangement and shares purchased on the open market.

**NOTE 6 - RETIREMENT PLANS (CONTINUED):**

The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ending December 31, 1999, and a statement of the funded status as of December 31 of both years, relating to our employees and retirees:

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
	(Thousands of Dollars)			
<b>Change in benefit obligation:</b>				
Benefit obligation at January 1.....	\$ 2,043	\$ 1,545	\$ 246	\$ 207
Service cost on benefits earned.....	236	163	35	33
Interest cost on projected benefit obligation.....	153	119	19	17
Plan amendments.....	-	401	-	8
Actuarial gain.....	(515)	(185)	(52)	(19)
Gross benefits paid.....	(21)	-	-	-
Benefit obligation at December 31.....	<u>\$ 1,896</u>	<u>\$ 2,043</u>	<u>\$ 248</u>	<u>\$ 246</u>
<b>Change in plan assets:</b>				
Fair value of plan assets at January 1.....	\$ 1,366	\$ 1,179	\$ -	\$ -
Actual return on plan assets.....	90	187	-	-
Gross benefits paid.....	(21)	-	-	-
Fair value of plan assets at December 31.....	<u>\$ 1,435</u>	<u>\$ 1,366</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of funded status:</b>				
Funded status at end of year.....	\$ (461)	\$ (677)	\$ (248)	\$ (246)
Unrecognized net:				
Actuarial gain.....	(892)	(424)	(115)	(74)
Prior service cost.....	399	433	25	27
Transition obligation.....	15	18	55	59
Net amount recognized at December 31.....	<u>\$ (939)</u>	<u>\$ (650)</u>	<u>\$ (283)</u>	<u>\$ (234)</u>

An accrued pension benefit cost of \$939,000 and \$650,000 and an accrued other benefit cost of \$283,000 and \$234,000 for the years 1999 and 1998, respectively, were recognized on the Balance Sheet.

The following tables provide the components of net periodic benefit cost for the pension and other postretirement benefit plans, for fiscal years 1999 and 1998:

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
	(Thousands of Dollars)			
Service cost on benefits earned.....	\$ 236	\$ 163	\$ 35	\$ 33
Interest cost on projected benefit obligation.....	153	119	19	17
Expected return on plan assets.....	(122)	(106)	-	-
Amortization of:				
Transition obligation.....	3	3	4	4
Prior service cost.....	34	34	2	2
Actuarial gain.....	(15)	(8)	(2)	(3)
Net periodic benefit cost.....	<u>\$ 289</u>	<u>\$ 205</u>	<u>\$ 58</u>	<u>\$ 53</u>

**NOTE 6 - RETIREMENT PLANS (CONTINUED):**

The following assumptions were used in the determination of actuarial present values of the projected benefit obligations:

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
Weighted average assumptions as of December 31				
Discount rate .....	7.75%	6.75%	7.75%	6.75%
Expected return on plan assets.....	9.00%	9.00%	9.00%	9.00%
Rate of compensation increase .....	4.40%	3.75%	4.40%	3.75%

Assumed health care costs trend rates have a significant effect on the amounts reported for the health care plans. A change in assumed health care cost trend rates of one percent would have the following effects:

	1% Increase	1% Decrease
	(Thousands of Dollars)	
Effect on total of service and interest cost component of net periodic postretirement health care benefit cost.....	\$ 2	\$ (2)
Effect on the health care component of the accumulated postretirement benefit obligation.....	10	(9)

The assumed 2000 health care cost trend rates used to measure the expected cost of benefits covered by the plans is seven percent. The trend rate decreases through 2004 to five percent.

**NOTE 7 – RELATED PARTY TRANSACTIONS:**

**Receivables and Payables**

Related party receivables primarily result from either services we provide to, or payments we make on behalf of, our affiliated companies and joint ventures. Related party payables primarily result from services that we receive from our affiliated companies and joint ventures.

	<u>December 31</u>	
	<u>1999</u>	<u>1998</u>
	(Thousands of Dollars)	
Accounts and notes receivable – Montana Power.....	\$ 211	\$ 180
Accounts and notes receivable – Entech.....	1,008	1,799
Accounts and notes receivable – FTV.....	-	28,519
Accounts and notes receivable – TWW.....	315	-
Accounts and notes receivable – ITS.....	2,953	-
Accounts and notes receivable – Other.....	40	38
	<u>\$ 4,527</u>	<u>\$ 30,536</u>
Accounts payable – Montana Power.....	\$ 1,007	\$ 778
Accounts payable – Entech.....	46,404	105,815
Accounts payable – Northern Colorado Telecommunications LLC.....	7,772	-
Accounts payable – Other.....	162	460
	<u>\$ 55,345</u>	<u>\$ 107,051</u>

**Related Party Revenues and Interest Income**

During 1999 and 1998, revenues from telecommunications services provided to affiliated companies totaled approximately \$768,000 and \$849,000, respectively. In addition, during 1999 and 1998, we earned approximately \$613,000 and \$969,000, respectively, of interest income from outstanding notes receivables from affiliated companies.

**Shared Administrative Services**

We receive general and administrative services from Montana Power Services Company, a wholly owned subsidiary of Entech. Our direct and allocated expenses incurred for these services were approximately \$1,995,000 and \$1,119,000 in 1999 and 1998, respectively.



## NOTE 8 - COMMITMENTS AND CONTINGENCIES:

### COMMITMENTS

#### Construction Projects

**Northern Telecom, Inc.:** In 1999 and 1998, we contracted with Northern Telecom, Inc. (Nortel) to install optronics on certain fiber-optic networks. We expect the installations to be completed in the fourth quarter of 2000 at a cost of \$51,800,000, of which a total of \$28,300,000 was paid in 1999 and 1998. The remaining \$23,500,000 is scheduled for payment in 2000 as various segments of the fiber-optic network under construction are completed. In 1999, we also contracted with Nortel to upgrade a telephone switch in the first quarter of 2000 at a cost of \$3,000,000. TWW will lease the switch from us for the life of the company. We continue to enter into arrangements with Nortel for installations of optronics on our network, including installations related to our acquisition from Qwest Communications International, Inc. (Qwest) discussed in Note 9, "Subsequent Events," in the "Acquisitions" section.

**AT&T:** In October 1999, we entered into a contract to construct a high-speed, fiber-optic network for AT&T. The contract allows us to install our own fiber-optic network at the same time and along the same network routes we will construct for AT&T. The network will span more than 4,300 miles and will cover six different routes in the West, Pacific Northwest, Northern Rocky Mountains, and Midwest regions (Minneapolis-Chicago; St. Louis-Plano, Illinois; Sacramento-Salt Lake City; Salt Lake City-Denver; and Denver-Nebraska-Iowa-Chicago). The contract contains capped performance incentives, if we meet, and capped penalties, if we do not meet, aggressive completion targets. The first route is scheduled for completion in the fourth quarter of 2000, and the last route is expected to be completed in the second quarter of 2001. We estimate the cost of the project at \$500,000,000, of which approximately one-half will be expended in 2000. We expect AT&T and other third parties to reimburse us for approximately 50 percent of the total cost, as stages of the project are completed.

#### Investments

**FTV:** In November of 1999, FTV began an expansion of regeneration sites along its Portland-to-Los Angeles fiber-optic route. The expansion project is expected to be completed by mid-2000, of which our share of the cost will be approximately \$3,300,000.

**Northern Colorado Telecommunications LLC:** In formation of the company, NCE contributed a long-term IRU of its existing fiber-optic network in the Denver metropolitan area. We will contribute approximately \$10,000,000 for the construction of six miles of fiber-optic cable and installation of optronics. In 1999, we contributed \$1,500,000 in cash toward this construction effort and plan to contribute cash of approximately \$7,000,000 in 2000 and \$1,500,000 in 2001.

**TWW:** Over the next two years, we expect to contribute approximately \$45,000,000 to establish the wireless infrastructure from which TWW will provide "one-number" wireless service. During 1999, both companies contributed their PCS licenses to the venture, of which our contribution value was approximately \$4,400,000.

### CONTINGENCIES

We are party to various legal claims, actions, and complaints arising in the ordinary course of business. We do not expect disposition of these matters to have a material adverse effect on our financial position, results of operations, or cash flows.

## NOTE 9 – SUBSEQUENT EVENTS:

### INVESTMENTS

#### America Fiber Touch LLC (AFT)

In January 2000, we and AEP Communications LLC, a subsidiary of American Electric Power, formed a company, AFT, to connect national and regional fiber-optic networks. The company's initial project is to construct a 330-mile fiber-optic route between St. Louis, Missouri, and Plano, Illinois, which makes up the Midwest route of the 4,300-mile build-out that we are constructing in tandem with our construction of a fiber-optic network for AT&T. This Midwest route is scheduled for completion in December 2000, at an estimated cost of \$25,000,000, of which our portion is \$12,500,000.

#### Minnesota PCS, LP (MPCS)

In January 2000, we acquired a 25 percent interest in MPCS' wireless telephone business, which owns PCS licenses in North Dakota, South Dakota, Minnesota, and Wisconsin. In accordance with the agreement, we made an initial \$2,700,000 equity investment in MPCS and, over the next two years, will loan MPCS up to \$12,000,000, due on October 1, 2002. We have loaned MPCS approximately \$6,000,000. In addition, we have guaranteed payment of \$7,000,000 in loans owed by MPCS through the year 2007.

#### ITS

In April 2000, we sold our equity position in and exited ITS as the emerging organizational and capital structure of ITS does not fit our growth strategy. Under the terms of the exit agreement, we sold our 31 percent interest in ITS to INS, and INS released us from all of ITS' obligations. We will continue to maintain a \$14,000,000 letter of credit for ITS until the closing of the third-party purchase transaction. Upon the closing of the third-party purchase transaction, expected to occur in mid-2000, INS will reimburse us approximately \$8,000,000 for our cash outlays to ITS, of which approximately \$5,000,000 have occurred during 2000.

#### Sierra Touch America LLC

In May 2000, we and Sierra Pacific Communications, a subsidiary of Sierra Pacific Resources, formed a company, Sierra Touch America LLC, with the purpose to construct a fiber-optic network between Sacramento and Salt Lake City. This network will make up 750 miles of the 4,300-mile build-out that we are constructing in tandem with our construction of a fiber-optic network for AT&T. Sierra Touch America will begin construction of the Sacramento-to-Salt Lake City fiber-optic route immediately and expects to complete the route in mid-2001 at an estimated cost of \$100,000,000. Our portion of this estimated cost will be approximately \$83,000,000, of which we expect to recover approximately 50 percent from AT&T and other third parties. The terms of the agreement give Sierra Touch America a partial interest in the metropolitan fiber networks that Sierra Pacific Resources operates in Reno and Las Vegas.

### CROSS LEASE

#### PF.Net

In January 2000, we and PF.Net, a privately held telecommunications company, agreed to cross lease fiber and conduit to expand both companies' fiber-optic networks. We will receive approximately 5,900 route miles of fiber from PF.Net, for 4,400 miles of our fiber and a cash payment of \$48,500,000. This cross lease will expand our network from Los Angeles to San Diego, Phoenix, El Paso, Dallas, Austin, San Antonio, Houston, New Orleans, Jacksonville, Orlando, Greensboro, Washington D.C., New York City, Tulsa, Kansas City, and St. Louis. We have made an initial payment of \$4,850,000 and will pay the remainder as segments of the routes under construction are completed. Segments are scheduled for completion at various times in 2000 and 2001.

## NOTE 9 - SUBSEQUENT EVENTS (CONTINUED):

### EXCHANGES

#### Williams Communications

In March 2000, we agreed to exchange dark fiber with Williams Communications, Inc. (Williams) to expand both of our fiber-optic networks. We will receive approximately 1,050 route miles of dark fiber and cash from Williams, in exchange for approximately 1,200 route miles of our dark fiber on our Denver to Dallas route. This exchange will expand our network from Minneapolis to Denver through Des Moines, Iowa and Topeka, Kansas. Both routes are currently operational.

### ACQUISITIONS

#### Century Tel Inc.

In January 2000, we entered into an agreement with Century Tel Inc., whereby we were granted fiber-use rights to 400 route miles of fiber linking Chicago to Detroit for approximately \$10,000,000. In January 2000, we made an initial payment of \$2,000,000. We expect these routes to be in service by late 2000.

#### Qwest Acquisition

On March 13, 2000, we signed an agreement with Qwest to acquire, for approximately \$193,000,000, subject to certain adjustments, Qwest's wholesale, private-line, long-distance, and other telecommunications services in US WEST's 14-state region, which covers 250,000 customer accounts for voice, data, and video services with multimedia and high-speed data applications. In addition, we will also acquire a fiber-optic network of 1,800 route miles, and associated optronics and switches, which we will connect to our existing fiber-optic network. When the Qwest acquisition is closed, we estimate that related capital expenditures will be an additional \$100,000,000. We expect this acquisition to close in mid-2000, subject to the satisfaction of various conditions and the receipt of required regulatory approvals.

### MONTANA POWER COMPANY DIVESTITURE

On March 28, 2000, Montana Power announced that it will separate its energy businesses from us through a stock sale(s) of its energy businesses, expected to take six to twelve months to complete, and that it will invest the proceeds from the sale(s) into our business.



The  
Montana  
Power  
Company

## Quarterly Summary

40 East Broadway Street  
Butte, Montana 59701-9394  
406-723-5421

**THIRD  
QUARTER  
2000**

September 30, 2000

Toll-Free Shareholder Number  
800-245-6767

[www.mtpower.com](http://www.mtpower.com)



The Montana Power Company

## NEWS OF THE THIRD QUARTER

The Board of Directors has declared a dividend of 20 cents per share on common stock, payable November 1, 2000, to shareholders of record at the close of business October 6, 2000.

Regular dividends were declared on outstanding preferred stock, payable November 1, 2000, to shareholders of record October 6, 2000.

**Divestiture moves quickly:** On March 28, we announced our intention to divest our energy businesses, including the utility, and to invest the proceeds in Touch America, providing focus for us and clarity to investors, while taking advantage of favorable energy business markets and allowing our energy companies to continue to thrive and achieve their long-term opportunities under new owners. Buyers have signed agreements to purchase all the energy businesses. We will move quickly to finalize these transactions with one or more closing before yearend and the remainder targeted for the first quarter of 2001.

**Companies acquiring energy businesses:** The companies acquiring Montana Power's energy businesses, the dates of the announcements and prices paid are: August 28, Pan-Canadian Petroleum Limited of Calgary, oil and gas, \$475 million; September 15, Westmoreland Coal Company of Colorado Springs, coal, \$138 million; September 20, BBI Power Corporation of Stevensville, Maryland, independent power, \$84.5 million; and October 2, NorthWestern Corporation of Sioux Falls, South Dakota, utility, \$1.1 billion, including \$488 million in debt. These transactions will produce \$1.3 billion in cash to invest in Touch America.

**Dividend information:** In line with the divestiture of the energy businesses and the transition of the company to a telecommunications growth-oriented enterprise under Touch America, your Board of Directors voted to eliminate common dividend payments effective the first quarter 2001. The dividend payment approved by the board September 26 will be paid as scheduled on November 1. This is an action the board has studied for some time, and it aligns us with broadband product and service telecommunications peer companies that are reinvesting earnings to grow their businesses. We believe wealth creation and shareholder value will be enhanced by the ability to direct what were dividend dollars to further growing Touch America. Announcing this decision now will provide shareholders with dividend information in a timely manner since the company normally announces its first quarter dividend decision in December.

**Wildfires threaten company facilities:** When the

worst forest fire season in decades struck Montana, Touch America and utility employees worked the extra long hours needed to keep their customers in service, volunteering with local fire departments on off-hours, and dealing with fire-rain, burning bridges and terrified black bears. When fire threatened mountain top communications systems, Touch America employees re-routed traffic through new switches. Electric and gas

employees kept transmission and distribution systems up and running even when surrounded by danger. And when fire swept under the 500,000-volt transmission lines interrupting power supplies from Colstrip to the parched Pacific Northwest and California, we were ready to restore the service within hours. That the utility came through the fire season virtually unscathed is a testament to our employees' courage and expertise.

## Montana Power Reports Third-Quarter Earnings

An 80 percent increase in Touch America's telecommunication income from operations in the third quarter helped consolidated earnings, but higher energy costs and related adverse impacts due to drought, plant outages and wildfires, resulted in The Montana Power Company (NYSE:MTP) reporting October 24 third-quarter 2000 earnings of \$0.23 per share compared to consolidated net income for the third quarter ended September 30, 1999 of \$0.26 per share.

Year-to-date 2000 earnings were \$0.85 per share, an increase of \$0.07 per share, or approximately 9 percent, versus year-to-date 1999 earnings.

**Touch America:** For the third quarter 2000, Touch America's operating income was \$23.6 million, an increase of \$10.4 million, or about 80 percent, from the same period a year ago. Revenues increased to \$122 million for the quarter compared to \$28 million for the third quarter of 1999, due mainly to higher sales, resulting mostly from the acquisition on June 30 of Qwest Communications International's wholesale, private line and retail long-distance business in its regulated 14-state region.

**Discontinued Energy Operations:** Operating income from discontinued operations in oil and natural gas, Continental Energy Services, and coal for the third quarter was \$39.8 million, compared to \$22.2 million for the same period a year ago.

**Continued Energy Operations (Utility and Colstrip Unit 4):** Despite the fact the utility has mitigated for risks resulting from higher regional power prices for regulated customers, Continued Energy Operations income still was lower for the third quarter compared to a year earlier. This was mainly because of drought, unplanned plant outages, higher electric commodity prices, wildfires and other operating conditions that interrupted service and increased operating expenses.

These activities resulted in a \$18.3 million loss in operating income for the third quarter, compared to a gain of \$20.8 million for the same period a year ago.

**Interest Expense and Other Income:** Interest expense on a consolidated basis decreased \$6.2 million for the quarter compared to the same period a year ago, mainly due to the retirement of long-term debt in 1999 and early 2000. Other income increased approximately \$1.2 million primarily because of interest income earned on the higher cash balances held in 2000 compared to 1999.

**Consolidated Year-to-Date:** Income from Touch America operations for the nine months ended September 30, 2000 increased approximately \$8.6 million, or 31 percent, compared to the same period a year ago, growing to \$35.9 million from \$27.3 million.

Discontinued Energy Operations had operating income of \$87.5 million year-to-date, a 66 percent increase, compared to nine months ended September 30, 1999 of \$52.7 million, due mainly to higher commodity prices for oil and gas and Continental's pre-tax gain of approximately \$34 million in the second quarter 2000 from the sale of its equity interest in an independent power project in Brazos, Texas.

Year-to-date operating income for Continued Energy Operations was \$9.4 million, compared to income of \$90 million for the same period of 1999. This was mainly caused by warmer than normal weather, a voluntary electric rate decrease, and increased purchased power costs for the period that are anticipated to continue into the first quarter of 2001. The company has accrued an additional \$10 million for the expected excess of energy costs over fixed contract prices to serve industrial customers through the first quarter of 2001 when the sale to NorthWestern Corporation is expected to close.

**Montana Power files to become part of RTO:** Montana Power, along with eight other electric utilities serving eight western states, has filed a proposal with the Federal Energy Regulatory Commission (FERC) to create a non-profit regional transmission organization (RTO) to improve the reliability and efficiency of the power grid in much of the Western U.S. RTO West would be responsible for scheduling bulk power transfers and would operate approximately 30,000 miles of the 50,000 miles of transmission lines owned by the utilities. Ownership of the transmission lines would remain with the utilities.

**Montana Power joins TransConnect:** Six of the nine utilities in RTO West, including Montana Power, also have filed plans with FERC to consolidate their high-voltage transmission systems through an independent Transmission Company (ITC) dubbed TransConnect. TransConnect is a for-profit entity that will be focused on managing transmission assets and seeking growth opportunities in the transmission business. If approved, the TransConnect group will become one member of RTO West. Although there are still many details to be worked out, we expect that RTO West and TransConnect will benefit consumers through more efficient electrical operations, coordinated planning and expansion, and more coordinated outage planning.

**Montana Power files for rate increases:** In August, Montana Power made a combined electric and natural gas filing with the Montana Public Service Commission. The company has requested increased annual electric transmission and distribution revenues of approximately \$38.5 million, with a proposed interim annual increase of approximately \$24.9 million. The company has requested increased annual natural gas revenues of approximately \$12 million, with a proposed interim annual increase of some \$6 million. A decision on the interim increases is expected during the fourth quarter of 2000.

**Forward-looking information is subject to risk and uncertainty.** Portions of this document may constitute "forward-looking statements" as defined by federal law. Although the company believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Any such statements are made in reliance on the "safe harbor" protections provided under the Private Securities Reform Act of 1995. Additional information about issues that could lead to material changes in performance is contained in the company's annual reports filed with the Securities and Exchange Commission.

For the latest financial information and press releases on Montana Power visit our web site at <http://www.mtpower.com>.

**THE MONTANA POWER COMPANY AND SUBSIDIARIES**  
**PRELIMINARY CONSOLIDATED STATEMENT OF INCOME**

	Quarter Ended September 30,		Year to Date September 30,	
	2000	1999	2000	1999
<b>REVENUES</b> .....	\$ 264,805	\$ 180,474	\$ 827,299	\$ 564,342
<b>EXPENSES:</b>				
Operation and Maintenance.....	160,419	83,357	372,108	250,384
Selling, general and administrative.....	56,779	29,473	183,942	87,025
Taxes - other than income taxes.....	16,449	17,262	48,633	52,549
Depreciation, depletion and amortization.....	21,147	19,631	59,343	59,643
Provision for future losses relating to long term contracts	10,000	-	10,000	-
	<u>264,794</u>	<u>149,923</u>	<u>669,954</u>	<u>459,595</u>
<b>INCOME FROM OPERATIONS</b> .....	(189)	30,551	157,345	104,747
<b>INTEREST EXPENSE AND OTHER:</b>				
Interest.....	7,719	13,961	38,995	43,694
Distributions on mandatorily redeemable preferred securities of subsidiary trust.....	1,373	1,373	4,373	4,373
Other (income) deductions - net.....	(1,196)	24	(4,543)	(5,519)
	<u>7,896</u>	<u>15,258</u>	<u>38,825</u>	<u>42,548</u>
<b>INCOME TAXES</b> .....	(1,337)	8,199	16,522	21,419
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b> .....	(1,543)	7,254	5,496	33,542
<b>DISCONTINUED OPERATIONS:</b>				
Income from discontinued coal, independent power and oil and natural gas operation, net of income taxes	29,775	22,159	89,474	52,747
<b>NET INCOME</b>	<u>28,232</u>	<u>29,413</u>	<u>94,992</u>	<u>86,291</u>
<b>DIVIDENDS ON PREFERRED STOCK</b> .....	922	922	2,822	2,712
<b>NET INCOME AVAILABLE FOR COMMON STOCK</b> .....	<u>\$ 27,310</u>	<u>\$ 28,491</u>	<u>\$ 92,170</u>	<u>\$ 83,579</u>
<b>AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC (000)</b> .....	103,828	110,281	109,393	108,177
<b>BASIC NET INCOME PER SHARE OF COMMON STOCK</b> .....	\$ 0.23	\$ 0.26	\$ 0.84	\$ 0.77
<b>AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED (000)</b> .....	108,340	110,934	108,414	108,064
<b>DILUTED NET INCOME PER SHARE OF COMMON STOCK</b> .....	\$ 0.23	\$ 0.24	\$ 0.84	\$ 0.77

EXHIBIT E

Montana Power Company Annual Report for Fiscal Year ending December 31, 1999

EXHIBIT F

Proposed Tariff



TITLE PAGE

TARIFF CONTAINING REGULATIONS AND RATES  
For END USER

INTEREXCHANGE TELECOMMUNICATIONS SERVICES  
And  
DEDICATED ACCESS SERVICES

Of

TOUCH AMERICA, Inc.  
130 N. Main Street  
Butte, Montana 59701  
Phone: (406) 496-5100  
Toll-Free: (800) 823-4874

Within

THE STATE OF SOUTH DAKOTA

For Customer Inquiries and Complaints, Please Write to or Call the Following:

TOUCH AMERICA, Inc.  
Customer Service Center  
1903 S. Russell  
P.O. Box 5207  
Missoula, Montana 59806  
Phone: (406) 523-3603  
Toll-Free: (800) 823-1664  
Facsimile: (406) 523-3606  
Toll-Free Fax: (800) 823-3299

NOTES:

1. All customers taking services under Touch America, Inc. Tariff No. 1 were transferred from Touch America Services, Inc. on June 30, 2001.

ISSUED: April 11, 2001  
Issued by:

EFFECTIVE:

Michael J. Meidahl, President  
TOUCH AMERICA, Inc.  
130 N. Main Street  
Butte, Montana 59701  
(406) 496-5100

CHECK SHEET

Pages 1 through 181 of this Tariff are effective as of the date shown at the bottom of the respective page(s). Original and revised pages as named below comprise all changes from the original Tariff and are currently in effect as of the date on the bottom of this page.

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EXPLANATION OF SYMBOLS

- (C) To signify changed conditions or regulation
- (D) To signify discontinued rate, regulation or condition
- (I) To signify increase
- (M) To signify that material has been transferred from another sheet or place in the tariff
- (N) To signify new rate, regulation, condition or sheet
- (R) To signify reduction
- (T) to signify a change in text for clarification

ISSUED: April 11, 2001  
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TARIFF FORMAT

1. Page Numbering - page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the Tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between page 14 and 15 would be 14.1.
2. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the South Dakota Public Service Commission ("SDPSC"). For example, the 4th revised page 14 cancels the 3rd revised page 14. Consult the check page for the page currently in effect.
3. Paragraph Numbering Sequence - While there are several possible levels of paragraph coding exemplified below, only the 1st four levels are currently used in this tariff. Each level of coding is subservient to its next higher level:
  1.
    - I.A.
      - I.A.(1).
        - I.A.(1)(a).
          - I.A.(1)(a)(1).
4. Check Pages -- When a tariff filing is made with the SDPSC an updated check page accompanies the tariff filing. The check page lists the pages contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check page is changed to reflect the revision. All revisions made in the given filing are designated by an asterisk (\*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages).

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CONCURRING CARRIERS

None

CONNECTING CARRIERS

AT&T - American Telephone and Telegraph Company  
MCI Communications  
US Sprint Communications  
US WEST Communications  
WTCI Communications  
Local Exchange Carriers  
and  
other Carriers who, in the future, may provide  
Telecommunications Services in the State of  
South Dakota

OTHER PARTICIPATING CARRIERS

None

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**SECTION 1 - DEFINITIONS**

Account Number: Number defined by COMPANY for customer identification purposes to which all respective long distance and associated charges are assigned, billed and collectable from the customer. Associated charges are applicable install fees, monthly recurring service charges. PICC charges, long distance itemized call charges, late payment finance fees and applicable Federal, State, County, Municipal and/or Local taxes and Federal and/or State universal service charges.

Advance Payment: Partial or full payment required before the start of service.

Affiliate: Any entity (including any natural person or entity such as a corporation or partnership) controlling, under the control of or under common control with another entity.

Aggregator: Any person or entity that, in the ordinary course of its operations, makes telephones available to the public or to End Users of its premises for telephone calls using a provider of operator services.

Answer Supervision: Switch capability to detect, by hardware LEC signal or by switch software detection, the dialed number's answer event and the disconnect event. Answer Supervision deletes dialing, ring time and busy signal time from billable talk or communication time.

AT&T: American Telephone and Telegraph Company.

Authority Network Management System (Authority NMS): A system which provides customers on-line access to receive management reports as required applicable to utilization statistics per data line circuit interface (frame relay address), performance statistics for trunks and circuit lines and port statistics on a per frame relay port basis.

Authorization code: A customer identification and security code assigned by COMPANY that enables customer to access Company's long distance network.

Authorized User: A person, firm, corporation or any other entity authorized by the Customer to be connected to the service of the Customer.

Automatic Number Identification ("ANI"): The automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party customer. The primary purpose of ANI is for billing toll calls.

Auto Reconfiguration (ARC): Automatic alternate destination routing to provide automatic re-routing of data to a predefined alternate destination for disaster recovery and local loop redundancy applications.

Band 0: Intrastate calls; All calls placed within the State.

ISSUED: April 11, 2001

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**SECTION 1 – DEFINITIONS (Cont'd)**

Basic Digital Service (BDS): A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications.

Burst Information Rate (BIR): A short duration transmission that can relieve momentary congestion in the Local Area Network.

Business Customer: A customer whose use of service is primarily or substantially of a professional, business, institutional, occupational, or other commercial nature.

Cancellation of Order: A customer initiated request to discontinue processing a service order or request, either in part or in its entirety, prior to its completion.

Carrier: Touch America, unless specifically stated otherwise.

Channel or Circuit: A communications path between two or more points.

Collect Call: A billing arrangement whereby the charge for a call may be charged to the called party, provided the called party verbally accepts the charge or keys in a positive response acknowledging acceptance of the charges.

Commission: The South Dakota Public Service Commission ("SDPSC").

Committed Information Rate (CIR): A rate assigned to each Private Virtual Circuit (PVC) by the TA FramePlus subscriber. CIRs represent the "guaranteed" transmission rates between two network ports. CIRs are available in 8 Kbps increments from Zero to 1024K.

Company: Touch America, unless specifically stated otherwise.

Completed Calls: Completed calls are calls answered on the distance end or, where necessary, positively accepted by the called party. (i.e., Person-to-Person and Collect calls).

Connecting Carrier: A telecommunications company, which may be either an interexchange or a Local Exchange Carrier, that supplies COMPANY with facilities to originate, transport and/or terminate Company's long distance services, including Operator Services.

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**SECTION 1 – DEFINITIONS (Cont'd)**

Customer: The person, firm, corporation or other entity which orders service -- either for its own use or as a non-profit manager of a sharing group -- and which is responsible for the payment of charges as explained herein and for compliance with Company's price list regulations. For billing purposes, a customer is considered to be an account. If a person, firm, corporation or other entity orders the service in more than one originating city, or requests the assignment of more than one account number in a particular city, each such "customer" may include one or more locations of commonly owned or operated business.

Customer Dialed Calling Card Calls: Calling Card Calls which are handled on automated basis such that they do not require intervention by an attended operator position (i.e. a "live" operator) to complete.

Customer Provided Equipment: Terminal equipment provided by a customer.

Directory Assistance ("DA"): Service consisting of supplying listed telephone numbers to requesting customers.

Dedicated Access Lines: Dedicated Access lines used between the customer's premises and Company's Points-of-Presence for origination or termination of telecommunication traffic.

Deposit: Cash or equivalent of cash security held as a guarantee for payment of the charges.

Disconnection: The disconnection of a circuit, dedicated access line or port connection being used for existing service.

Expedited Service Order: A service order, which, in compliance with a customer request, is completed in a time period shorter than the Company's standard service interval.

Extended Digital Service (EDS): A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications. EDS is available in increments of 64 Kbps up to 512 Kbps for higher speed data applications.

FCC: Federal Communications Commission.

High Speed Digital Service (HDS): A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications. HDS transports full duplex digital signals over terrestrial facilities at the rate of 44.736 Mbps or the equivalency of 28 DS-1's or 672 DS-0's.

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**SECTION 1 – DEFINITIONS (Cont'd)**

**Holidays:** The following are the COMPANY recognized national holidays determined at the location of the originator of the call. Unless a specific date is noted, the date of the holiday is the federal observed date:

New Year's Day (January 1)  
Independence Day (July 4)  
Memorial Day  
Labor Day  
Thanksgiving Day (Last Thursday in November)  
Christmas Day (December 25)

**Individual Case Basis ("ICB"):** A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the customer.

**Installation:** The connection of a circuit, or dedicated access line, or other dedicated facility for new or additional service.

**Interconnection Facilities:** Circuits and/or dedicated access arrangements provided by the Customer or a third party supplier to interconnect the Customer with the Company's service. The Customer shall have sole responsibility for the ordering, installation, maintenance, and payment of such facilities.

**InterLATA Call:** An InterLATA call is any call that originates and terminates in a different LATA.

**IntraLATA Call:** An intraLATA call is any call that originates and terminates within the same LATA.

**LATA - (Local Access and Transport Area):** A geographical area established as required by the Modified Final Judgment in the government's antitrust suit against the Bell System for the provision and administration of communications services.

**LXC:** Local Exchange Carrier.

**Local Calling Area:** Denotes a geographical area in which a Local Exchange Company end user may complete a call without incurring long distance charges.

**Local Facilities:** Any facility providing interconnection between a customer's premises and COMPANY terminal location.

**Measured Charge:** A charge assessed on a per minute basis in calculating a portion of the charges due for a completed Operator Assisted Call.

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**SECTION 1 – DEFINITIONS (Cont'd)**

Minimum Service Period: The minimum period of time during which Customer is obligated to pay for services provided by the Company.

Monthly Recurring Charge ("MRC"): Monthly charges to the customer for services, facilities or equipment, which continue and are billed to the customer each month for the duration of the service.

Nonrecurring Charge ("NRC"): The initial charge, usually assessed on a one-time basis, to install equipment and facilities to establish service.

Operator Assisted Calls: Calls requiring assistance for completion, usually by dialing 0+(area code)+(exchange)+ (line number); or by dialing "0" or "00", with all subsequent dialing being performed by Operator Services. The following are examples of calls normally placed in this manner:

*Calling Card Calls* - Calls for which charges are billed, not to the originating telephone number, but to a telephone calling card issued either by a local exchange or long distance telephone company for this purpose. At the caller's option, and depending upon the services available at a particular location, calling card calls may entail intervention of an attended operator position (i.e. a "live" operator) or may be made on an automated basis. The latter are termed "Customer Dialed Calling Card Calls" for purposes of this tariff.

*Credit Card Calls* - Calls for which charges are billed, not to the originating telephone number, but to a credit card, such as VISA, MasterCard, or American Express.

*Person-to-Person Calls* - Calls that are placed under the stipulation that the caller will speak only to a specific called party.

Order: A single request by a customer subscribing to service or facilities, or both, to any number or circuits to any number of locations where the services or facilities, or both, are provided by the carrier

Other Carrier: A person, firm, corporation, or entity, which provides communication services or facilities, or both, including but not limited to, exchange carriers, electronic message service carriers, resellers, and interconnect companies.

Permanent Virtual Circuit (PVC): A logical connection between port connections. PVC's are defined on the basis of simplex (or asymmetrical) transmission, which allows the user to establish different data transmission rates in each direction.

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**EXHIBIT C**

Executive Directory and Profiles

**OFFICERS AND DIRECTORS OF TOUCH AMERICA,  
ENTECH, INC. AND MONTANA POWER**

Touch America, Inc.

---

**DIRECTORS**

P. J. Cole  
R. P. Gannon  
M. J. Meldahl  
J. P. Pederson  
G. D. Wright  
D. J. Sullivan

**OFFICERS**

R. P. Gannon	Chairman of the Board
M. J. Meldahl	President and Chief Operating Officer
J. P. Pederson	Vice President and Chief Financial Officer
P. J. Cole	Vice President, Business Development
M. E. Zimmerman	Vice President and General Counsel
H. J. Freebourn	Treasurer
C. A. Giamona	Controller
P. K. Merrell	Secretary
E. J. Kindt	Assistant Controller
R. M. Ralph	Assistant Secretary
B. A. Street	Assistant Secretary

Entech, Inc.

---

**DIRECTORS**

R. F. Cromer  
R. P. Gannon  
M. J. Meldahl  
J. P. Pederson  
E. M. Senechal

**OFFICERS**

R. P. Gannon	Chairman of the Board and Chief Executive Officer
R. F. Cromer	President
J. P. Pederson	Vice President and Chief Financial Officer
E. M. Senechal	Vice President and Treasurer
M. E. Zimmerman	Vice President and General Counsel
P. K. Merrell	Vice President and Secretary
D. S. Smith	Controller
E. J. Kindt	Assistant Controller
M. M. Crowe	Assistant Secretary
R. M. Ralph	Assistant Secretary

## The Montana Power Company

---

### **DIRECTORS**

T. H. Adams  
A. F. Cain  
J. G. Connors  
R. D. Corette  
D. D. McWhinney  
K. Foster  
R. P. Gannon  
J. R. Jester  
C. Lehrkind, III  
J. P. Pederson  
N. E. Vosburg

### **OFFICERS**

R. P. Gannon	Chairman of the Board, President and Chief Executive Officer
J. P. Pederson	Vice Chairman, Chief Financial Officer
P. K. Merrell	Vice President, Human Resources and Secretary
M. E. Zimmerman	Vice President and General Counsel
W. S. Dee	Vice President, Marketing
P. J. Cole	Vice President, Corporate Business Development
E. M. Senechal	Treasurer
D. S. Smith	Controller
D. J. Sullivan	Chief Information Officer
H. J. Freebourn	Assistant Treasurer
E. J. Kindt	Assistant Controller
S. D. Breining	Assistant Secretary
R. M. Ralph	Assistant Secretary

### **ENERGY SERVICES DIVISION**

J. D. Haffey	Executive Vice President and Chief Operating Officer
D. A. Johnson	Vice President, Distribution Services
W. A. Pascoe	Vice President, Transmission Services

### **ENERGY SUPPLY DIVISION**

R. P. Cromer	Executive Vice President and Chief Operating Officer
--------------	--

**TECHNOLOGY DIVISION**

**M. J. Moldahl**

Executive Vice President and Chief Operating  
Officer



## Executive Biographies



**Robert P. Gannon**  
Chairman, President and CEO of The Montana Power Company and  
Chairman and CEO of Touch America

Robert P. (Bob) Gannon is the chairman, president and chief executive officer of The Montana Power Company and chairman and CEO of Touch America. Before joining Montana Power in 1974 as an attorney, Bob had served two years as an Assistant Attorney General for the State of Montana, and another two and a half years as an Assistant U.S. Attorney for Montana.

For nine years, Bob was a staff attorney for Montana Power, with responsibilities that included work with the Montana Legislature. In 1983, he was named the corporation's assistant general counsel, then general counsel, and for five years, from 1984 to 1989, he was vice president and general counsel.

In 1990, Bob was selected as president of Montana Power's utility company, and elected to the Board of Directors. Two years later, he also was named chief operating officer. In January 1996, Bob was named vice chairman and president of The Montana Power Company. He was named chief executive officer July 1, 1997. Under the company's previously announced succession plan, Gannon became chairman January 1, 1998.

Under Gannon's direction Montana Power has been transforming itself from a vertically integrated electric and natural gas utility, with competitive businesses in energy and technology, into a telecommunications company.

Bob is a native of Butte, Montana, and a 1966 graduate of the University of Notre Dame with a bachelor's degree in government. He earned his law degree (Juris Doctor) in 1969 from the University of Montana, and he completed the Harvard Advanced Management Program in 1989.

Top of page





## Executive Biographies



**Michael J. Meldahl**  
**President and Chief Operating Officer of Touch America**

For more than 11 years Michael J. (Mike) Meldahl, President and Chief Operating Officer of Touch America, has successfully guided Montana Power's move into the competitive telecommunications business, which began in 1983.

Mike joined Telecommunications Resources Incorporated (TRI), MPC's first nonutility communications enterprise, in 1986. He subsequently moved TRI from a company that provided communications engineering, consulting and installation services on a contract basis into what is known today as Touch America, a full-service telecommunications company that has one of the largest fiber-optic networks in the country.

Mike is a native of Sidney, Montana. He earned a B.S. in civil engineering from Montana State University (MSU), Bozeman, in 1967 and added a MS in engineering from MSU in 1972. He then went to work for the State of Montana, where he helped establish and worked with computer systems for several state agencies.

He joined Montana Power in 1981 as manager of application programming in the company's computer department.

Meldahl held several assignments with increasing responsibility in Montana Power's computer department, including manager of computer and information systems, and in 1986, he was named president and chief operating officer of TRI, the predecessor company of Touch America.

In May 1996, he was named Vice President of Communication Services in Montana Power's Energy and Communications Services Division, and in December 1998, when telecom became a separate corporate business unit, he received his current title.

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## Executive Biographies



**Jerrold P. Pederson**  
**Vice Chairman and Chief Financial Officer of The Montana Power**  
**Company and Touch America's Vice President and CFO**

Jerrold "Jerry" Pederson is Touch America's vice president and chief financial officer. A native of Billings, Montana, he graduated from Billings Central High School and attended Gonzaga University, where he received a Bachelor of Business Administration (B.B.A.) in accounting in 1964. He joined The Montana Power Company March 8, 1965. While employed by MPC, Jerry attended the University of Idaho Executives' Course (1980) and Harvard University Advanced Management Program (1994).

From Junior Auditor in 1965, he became Senior Auditor in 1969, named Tax Accountant in 1976, and promoted to Manager of General Accounting in 1979. He was promoted to Assistant Controller in 1980 and Controller in 1982. In May of 1990, he was named Vice President, Corporate Finance and Controller and in 1991, Vice President and Chief Financial Officer of Montana Power and subsidiary companies, including Touch America. In July, 1993, Jerry was named to the MPC Board of Directors and in March 1996, Vice President, Chief Financial and Information Officer. He relinquished his CIO duties in 1999.

In March 2000, Pederson was named vice chairman and CFO of Montana Power with direct responsibility over the company's energy businesses, including the divestiture of those businesses in order to concentrate on Touch America. In July 2000, Touch America announced Pederson will retain his title as vice president and CFO during and after the corporate transition from Montana Power to Touch America.

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## Executive Biographies

### **Robert Cenek** **Touch America's Vice President of Human Resources**

Bob Cenek is Touch America's vice president of Human Resources. With 20 years of experience in human resource management and organization development, he leads the company's compensation, benefits, labor relations, employment and training, and change management activities.

Prior to his joining Touch America in March 2000, Bob was executive director Human Resources for The Montana Power Company, a position he held since 1996. Cenek joined Montana Power in 1993 as executive assistant in organization development.

Cenek earned a Bachelor of Arts degree in economics in 1978 from the University of Northern Iowa at Cedar Falls, following military service in the U.S. Army. He joined Bristol-Myers Squibb in 1979 after graduating with an M.A in Industrial Relations from the University of Cincinnati. At Bristol-Myers Squibb, he progressed through a number of positions, and eventually became Manager of Training and Management Development for its corporate staff function in New York City.

In 1986, he joined General Mills in Minneapolis where he headed up training and organization development. While employed with General Mills, he helped lead the establishment of self-directed work teams in the company's 11 manufacturing plants.

In 1989, Cenek joined INTERMEC in Everett, Washington, a pioneer of bar code technology, also in a training and organizational development capacity, and in 1992, he joined John Fluke Manufacturing Company, also a high technology enterprise headquartered in Everett, where he consulted on total quality management and work culture change.

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## Executive Biographies

### **Perry J. Cole** **Touch America's Senior Vice President, Sales**

Perry J. Cole was named Touch America's senior vice president of sales in July 2000 with responsibilities for wholesale, commercial and residential sales.

Prior to this assignment he was Touch America's vice president of business development, focusing on the telecommunications company's rapid growth and business opportunities.

Previously, Cole was vice president of corporate business development for Montana Power, which he joined in 1980 as an accountant. He has worked with the corporation's budget and financial planning department -- as manager of Budget and Financial Planning, first for Western Energy, a Montana Power coal mining subsidiary, and later for the regulated electric and natural gas utilities. Cole then became manager of Financial Planning and Analysis in Montana Power's Office of the Corporation.

In 1992, Cole was promoted to assistant treasurer for the utility with additional responsibilities for planning, and a year later was promoted to treasurer. When Montana Power restructured in early 1996, Cole was named vice president of Business Development and Regulatory Affairs. He was named vice president of Corporate Business Development in June 1999.

With Montana Power's decision on March 28, 2000 to focus on Touch America as its future growth engine and to divest all of its energy businesses, Cole was named Touch America's vice president of Business Development.

He is a native of Havre, Montana, where he attended local schools. He graduated from the University of Montana in 1979 with both a bachelor and master's degrees in business administration, with a concentration in finance. He worked for one year with First Bank System in Minneapolis before joining MPC.

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## Executive Biographies

### **Kevin P. Dennehy**

#### **Touch America's Venture Integration Vice President**

As the vice president of Venture Integration for Touch America, Kevin P. Dennehy currently is responsible for insuring the integration of all new acquisitions, mergers and partnerships into Touch America's core business units.

Kevin started working for Touch America in 1989 as a marketing representative. He later was promoted to director of Marketing and Sales where he oversaw all the sales and marketing activities for Touch America's Long Distance and Private Line services. Prior to joining Touch America, he worked for National Center for Appropriate Technology in Butte, Montana.

A Butte, Montana, native, Dennehy earned a Bachelor of Science Degree in Business Finance in 1986 from the Montana College of Mineral Science and Technology in Butte. In 1997, he earned a Masters of Business Administration from the University of Montana in Missoula.

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## Executive Biographies

### **Liza L. Dennehy** **Touch America's Vice President, Wireless Solutions**

Liza L. Dennehy, Touch America's vice president, Wireless Solutions, is responsible for all of Touch America's wireless endeavors, which includes managing the build-out and establishment of Touch America's wireless services, whether independently or with partners. In the interim, she also will manage the data product solutions offerings, including asynchronous transfer mode (ATM), frame relay, and wide area network (WAN) and local area network (LAN) products.

She serves as chairman of the board for Wireless North, and is executive vice president and serves on the board of managers for TW Wireless, LLC. Touch America has an ownership interest in each of these companies, both of which provide personal communications services in separate areas of the Pacific Northwest, Rocky Mountain, and Upper Midwest states.

Dennehy is a native of Butte, Montana. She attended Montana College of Mineral Science and Technology, where she received a Bachelor of Science in computer science in 1988. She earned a Masters of Business Administration from the University of Montana in 1998. Dennehy brings to Touch America extensive computer and networking experience, along with proven business development expertise.

Dennehy joined Montana Power in 1984 as a programmer in training, working in the Information Services Department. Upon graduation from college, she became a user support analyst, heading the team of programmers and network specialists who provided support for payroll, personnel, engineering and accounting systems as well as managing a 200-person local area network.

In 1994, Dennehy transferred to Continental Energy Services, Inc., MPC's independent power subsidiary, where she was director, business development, responsible for evaluating national and international project opportunities, and leading and managing development teams in the pursuit of investments in the independent power arena. Dennehy joined Touch America in 1998 as general manager of local access, and was named Touch America's vice president, data and wireless solutions in July 2000.

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## Executive Biographies

### **Patrick T. Fleming** **Touch America's Vice President and General Counsel**

Patrick T. Fleming is Touch America's top legal executive, assuming responsibility for Touch America's legal, governmental, and regulatory affairs. Prior to joining Touch America, he was a Montana Power Company attorney for 16 years, the last six assistant general counsel. He brings to Touch America a broad base of experience in contracts, employment law, litigation, and business transactions.

As an attorney for Montana Power, Fleming initially focused on employment law, and later moved into litigation. More recently his duties were expanded to include contracts and transactions for the nonutility energy supply businesses.

Prior to joining Montana Power in 1984, Fleming was a clerk for the Montana Supreme Court, served as staff attorney for the U.S. Government in Billings, Montana, and was chief deputy county attorney for Butte-Silver Bow.

Fleming is a native of Butte, Montana, where he graduated from Butte Central High School in 1971. He received a Bachelor of Science degree in Business Administration from the University of Montana in 1975, and graduated with honors from The Gonzaga Law School in 1978 where he earned a Juris Doctorate law degree.

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## Executive Biographies

### **Cortlandt L. (Cort) Freeman** **Touch America's Vice President, Corporate Communication**

Cortlandt L. (Cort) Freeman is Touch America's vice president of Corporate Communication, overseeing corporate public and media relations, employee communications, editorial services, the annual report and the company's Intranet, among other duties.

Freeman joined Montana Power, the parent company of Touch America, in 1983 as a writer. He became editor of company publications and then manager of media relations, later adding editorial and audiovisual services to his duties. He was named Montana Power's director of Corporate Communication in 1997 and was appointed to his current post in early 2001.

Before coming to Touch America, Freeman was a general assignment reporter for Colorado's *Aspen Illustrated News* and the *Rocky Mountain News*, where he concentrated on covering business and government. He has also been the Northern Rocky Mountain correspondent for *Reuters News Service* and numerous other news, business and outdoor sports publications. Freeman has also worked in real estate development and oil and gas businesses.

A native of Denver, Freeman earned a bachelor's degree in biology at Fairfield University, Connecticut, and attended the Public Utility Executives Course at the University of Idaho.

Freeman has authored several books, including one on cross-country skiing for *Sports Illustrated*, a travel guide to Southwestern Montana, and a 100-year history of Bozeman, Montana, to celebrate the Montana Centennial.

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## Executive Biographies

**Dan L. Gay**  
**Touch America's Vice President and Chief Marketing Officer**

Dan L. Gay, vice president and chief marketing officer, brings 15 years of sales and marketing experience in the telecommunications industry to Touch America.

Gay began his career with MCI Telecommunications where he started as an Account Executive in 1985, then was promoted to various management positions, becoming a national account director for the West Region in 1997. He joined Qwest Communications in 1999 as regional vice president, providing direction for sales, service, technical support, and finance in a 16-state region.

Gay joined Touch America in July 2000 and is responsible for marketing, brand and image, and advertising, positioning and enhancing Touch America's brand awareness in the marketplace through product packaging and sales promotions. His additional responsibilities include creating motivational programs, incentives, and recognition for the sales staff in a way that allows individuals to excel while meeting the goal of increased revenues for Touch America.

A native of Colorado Springs, Colorado, Gay earned a Bachelor of Science degree in Marketing and Advertising in 1984 from Arizona State University in Tempe, Arizona.

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## Executive Biographies

### **Patrick M. Hogan** **Touch America's Vice President of Interconnect Solutions**

Patrick M. (Pat) Hogan, is Touch America's vice president of Interconnect Solutions with responsibilities for product research, product pricing, vendor relations, application solutions, sales support, training and education, sales engineering, customer retention, materials management, project management, and design implementation.

He joined Touch America in 1989 and has held positions in marketing, network planning, engineering, regulatory and legislative affairs, and general management. Prior to that he worked for the state of Montana's Telecommunications Bureau in Helena.

A native of Corning, Iowa, Hogan attended Iowa State University in Ames earning an engineering degree in 1978. He also attended George Washington University School of Engineering in Washington DC.

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## Executive Biographies

### **Steven Maederer**

#### **Touch America's Vice President of Broadband and Wholesale Sales**

Steven Maederer is Touch America's Vice President of Broadband and Wholesale Sales. Steven has 15 years of experience in telecommunications sales and marketing. He leads the company's efforts in broadband sales solutions and meeting wholesale customer requirements, and he is responsible for developing Touch America's Bandwidth Trading Department.

Prior to joining Touch America in May 2000, Steven was National Sales Manager for Alcoa Fibers, Ltd., a leading supplier of fiber optic cable and fiber solutions. While at Alcoa, he led partnership programs between telecommunications carriers and electric utilities as well as managed direct and representative sales forces. Before Alcoa, Maederer was Regional Sales Manager for Photon Kinetics in Beaverton, Oregon, a manufacturer of fiber optic test equipment.

Maederer served in the United States Navy from 1980 to 1984 where his primary duties involved diving and demolition. He attended Portland Community College and the University of Portland.

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## Executive Biographies

### **George D. Paul**

#### **Touch America's Vice President Customer Service**

George D. Paul, Touch America's vice president Customer Service, currently has responsibilities for all customer service administration, sales support, and customer billing for Touch America. He started with Touch America in 1988 and has held the following positions of increasing responsibility: general manager Intermountain Digital Network, then common carrier services, and finally network services, before being promoted to executive director of Marketing and Sales, the position he held when named vice president of customer service.

Starting with Montana Power in 1980, Paul worked as a training specialist, labor relations coordinator and labor relations director. Prior to joining Montana Power, Paul worked for the in city-county government as a project coordinator involved in labor relations, public works and social projects.

He has been an adjunct instructor in marketing and business at Montana Tech of the University of Montana, Butte, and is active in civic organizations, including educational and sports organizations.

Paul is a native of Butte, Montana, where he attended local schools. He also attended the University of Montana in Missoula from where he earned a Bachelor of Arts degree in business administration in 1976 and a Masters of Business Administration in 1978.

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## Executive Biographies

### **Kimberly (Kim) Rowell**

#### **Touch America's Vice President, Products**

As Touch America's vice president - Products, Kimberly (Kim) Rowell oversees voice, data, video transport and customer premise interconnect products, as well as wireless applications, for Touch America's wholesale, commercial and consumer segments.

Rowell joined Touch America in June 2000 as vice president of IP Voice and Products, with responsibility for rolling out the company's advanced IP network. Before joining Touch America, she was with Qwest Communications International, first as manager of sales engineers, providing technical support for data products, and later as director of Internet hosting, collocation services, and customer connection support.

Rowell spent ten years with AT&T, joining that company in 1988 as manager of network engineering for long-haul voice and data services. She later held senior management positions in AT&T's Network Operating Center; product integration, global customer accounts and data transport sales.

Rowell is a native of Excelsior Springs, Missouri and earned a BS in electrical engineering from the University of Missouri.

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## Executive Biographies

### **Rita Spear**

#### **Touch America's Vice President, Networks**

Rita Spear oversees all of Touch America's fiber-optic and wireless network activities after serving as executive director of engineering. She brings to Touch America extensive project management experience in scheduling, budgeting, equipment ordering, automation engineering, layout, control algorithms, testing, and field installation.

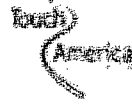
She joined Tetragenics, an affiliate of Touch America, in 1993 as an engineer. She assumed increasing responsibilities, eventually becoming manager of Tetragenics in 1996. She was named executive director of corporate services for Touch America/Tetragenics in 1999, and then became executive director of engineering for Touch America in January 2000.

In July 2000, Spear was named Touch America's vice president, networks, with responsibility for network construction, operation and installation.

Spear is a native of Butte, Montana. She earned a Bachelor of Science in computer science from Montana College of Mineral Science and Technology in 1985 and added an MS in computer science from Montana State University in 1992.

Spear has been an adjunct computer science instructor at Montana Tech, Butte, and is currently on the Industry Advisory Board for the Computer Science and General Engineering Departments.

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## Executive Biographies

### **Daniel J. (Dan) Sullivan** **Touch America's Chief Information Officer**

Daniel J. (Dan) Sullivan has been with Montana Power, Touch America's parent company, since 1977. He was named Montana Power's chief information officer in May 1999 and Touch America's CIO in September 2000.

Sullivan will hold both titles until the divestiture of Montana Power's energy companies is completed in the second quarter of 2001, at which time Touch America will become a stand-alone telecommunications company.

In his 24 years with Montana Power, Sullivan has served as a computer programmer, manager of programming, manager of systems planning and development, and manager of computer and information services. In 1996, when Montana Power consolidated its business unit and administrative functions, he was named executive director of Information Services. Three years later, he was chosen to oversee the company's administrative business service center and then was named Montana Power's chief information officer.

Sullivan is a member of several professional, industry-related information technology councils, including those of the Edison Electric Institute, the American Gas Association and the Western Electric Power Institute.

He is also active in educational, civic and fraternal organizations. He serves on the University of Montana's Alumnae Board of Directors and Grizzly Athletic Association. He is also a member of the Butte-Silver Bow Chamber of Commerce and the Knights of Columbus in Butte, Montana.

A native of Butte, Sullivan graduated from the University of Montana in 1977 with a bachelor of science degree in computer science. In March 1999, he earned a master of science degree in management information systems from Kennedy Western University, Wyoming.

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## Executive Biographies

### **Michael E. (Mike) Zimmerman** **Touch America's Vice President, Business Development**

Michael E. (Mike) Zimmerman, Touch America's vice president, Business Development, is responsible for the company's merger, acquisition and equity investment activities. As an attorney, he has more than 20 years of corporate experience and more than 10 years of that at the vice president and general counsel level. He has been associated with Touch America from its earliest years.

Zimmerman joined Montana Power (Touch America's parent) in 1980 after a summer legal internship with the company in 1979. During his tenure with the company, he has served as a legislative attorney, worked with water rights and environmental concerns, focused on natural gas issues and assisted with work before the Montana Public Service Commission. He has worked closely with Montana Power's non-utility companies, especially as an attorney for its oil and gas business. He was named general counsel for the corporation in January 1990 and a vice president of the utility in 1991.

For the past four years, he has worked to assist in the divestiture of Montana Power's energy businesses and its generation assets, as the company transforms itself from a diversified utility into a stand-alone broadband information transport company.

Zimmerman was named Touch America's vice president, Business Development in September 2000, but he will remain Montana Power's vice president and general counsel until the completion of all energy business divestiture transactions.

A native of Newcastle, Wyoming, Zimmerman grew up in Glendive, Montana. He attended Montana State University on a U.S. Army scholarship, graduating with a degree in English. He then spent two years in the U.S. Army, rising to the rank of captain.

Zimmerman was a two-term board member and past president of the Butte-Silver Bow Chapter of Commerce. He currently serves on the board of directors of St. James Healthcare in Butte.

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**SECTION I – DEFINITIONS (Cont'd)**

**Person-to-Person Call:** A call whereby the caller specifies to the Company operator a particular person to be reached, or a particular station, room number, department or office to be reached through a PBX attendant.

**Point-of-Presence:** Company's physical presence in a LATA (as defined herein). Locations where COMPANY maintains operations centers for purpose of providing long distance services.

**Point of Destination:** The area code and telephone number called in a location other than the point of origination.

**Point of Origination:** The station from which the customer initiates a call through the Carrier's switch.

**Port:** Connection to the Company's switching network with one or more voice grade or DS-1 level communications channels, each with a unique network address (telephone number), dedicated to the customer. Each port is equipped with a Terminal Interface.

**Premises:** The space designated by a customer at its place or places of business for Company's service, whether for its own communications needs or for the use of its resale customers.

**Presubscription:** A service arrangement whereby the Customer authorizes the local telephone company to route all InterLATA calls to the Company.

**Project Codes:** Customer and/or COMPANY defined, verified and/or non-verified codes that can be used to: 1. Identify specific customer authorized user(s) and/or project(s) and 2. Allocate the cost of the long distance communication to the respective customer account number for billing purposes.

**Rate Periods:** Unless otherwise noted, the following rate periods are applicable to all products in this tariff:

Day:	8:00 AM-4:59 PM (Monday thru Friday).
Evening:	5:00 PM-10:59 PM (Sunday thru Friday).
Night/Weekend:	11:00 PM-7:59 AM (Sunday thru Friday, all day Saturday and Sunday from 8:00 AM -4:59 PM).

**Reseller:** A company that purchases a big block of long distance calling minutes for resale in smaller blocks to its customers.

**Residential Customer:** A Customer whose use of the Company's services is substantially of a social and domestic nature.

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**SECTION 1 – DEFINITIONS (Cont'd)**

Responsible Organization ("Resp. Org."): Responsible Organization is the entity that maintains the routing for 800 numbers in the National database.

Service Date: The date on which Customer begins to utilize the Service or the date on which Service is made available for use by the Customer or its authorized users, whichever is sooner.

Service Location: A Service Location shall mean a single Customer premise location either owned or leased by the Customer, which location has its own, unique mailing address and which is used principally by the Customer to conduct its business. A Customer may have more than one (1) Service Location.

Special Promotional Offerings: Special discounts or modifications of its regular service offerings which COMPANY may, from time to time, offer to new customers for a particular service. Such offerings may be limited to certain dates, times and locations.

Subscription Agreement: A Standard COMPANY form that includes all pertinent LOA (Letter of Agency), billing, technical and other descriptive information that will enable COMPANY to provide the long distance service required.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the service, the transmission of data, facsimile, signaling, metering, or other similar communications.

Termination Service: During the Term, the COMPANY agrees to provide call termination services for all call placed through the Digital Switching System (excluding international calls). The COMPANY will provide Terminating Service for all calls via its Services offered in the tariff.

Terminal Equipment: Devices, apparatus and their associated wiring, such as teleprinters, telephone handsets or data sets.

Terminal Interface: The method of physical connection between a Company-provided service and a Customer's transmission cable, inside wiring, or terminal equipment. Depending upon the service ordered by the Customer, there might be a choice of terminal interfaces. The Customer is responsible for ordering a terminal interface that is compatible with the Customer's terminal equipment. All terminal interfaces will be provided by industry-standard connectors as specified in or authorized by Subpart F of Part 68, Title 47, Code of Federal Regulations.

Terrestrial Digital Service (TDS) (Touch America Direct (DS-1)): A dedicated digital private line that may be utilized to support voice frequency, data, video and facsimile applications. TDS transports full duplex digital signals over terrestrial facilities at the rate of 1.544 Mbps or the equivalency of 24 DS-0's.

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SECTION 1 – DEFINITIONS (Cont'd)

Third Party Billed Call: A billing arrangement by which the charges for a call may be billed to a number that is different from the calling number and the called number.

Touch America: COMPANY or Carrier, unless specifically indicated otherwise.

Transmission: The sending of electrical or optical signals over a line to a destination.

Trunk: Communications path connecting two switching systems in a network, used in the establishment of an end-to-end communication.

Two-Way Transmission: The capability of transmission in either direction or in both directions at once.

Underlying Carrier: Refers to any Interexchange carrier that provides long distance services resold by the Company.

Volume Discount: A pricing concept that rewards large volume users.

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SECTION 2 - RULES AND REGULATIONS1. DESCRIPTION OF SERVICE

A. COMPANY is a switched resale common carrier providing intrastate long distance message toll telecommunications and operator services to customers throughout the State of South Dakota for their direct transmission and reception of voice, data and/or other types of communication. Long distance services are provided through Local Exchange and/or other Connecting Carriers. Operator services are provided either directly by COMPANY or under contract with a certified operator service provider.

B. Communications begin when COMPANY's switch, located in Helena, Montana, detects the Answer Event as signaled from Local Exchange Carriers and/or other Connecting Carriers. Communications cease when COMPANY's switch detects the Disconnect Event that occurs by the hanging up of either the calling or called party.

C. Intrastate telecommunications service is the furnishing of COMPANY services for the communications between specified locations under the terms contained herein. Channels will be those of COMPANY alone, or COMPANY in conjunction with those of other participating, concurring or connecting carriers.

D. COMPANY, when acting at the customer's request and as his/her authorized agent, will make reasonable efforts to arrange for service requirements which may include terminal equipment and circuit conditioning.

E. COMPANY bills customers on a monthly basis for itemized call charges and appropriate recurring service charges as outlined in this tariff, including all applicable PICC charges, Federal, State, County, Municipal and/or Local taxes and Federal and/or State universal service charges, unless credit considerations or other circumstances require special agreements for more frequent billing.

F. Subject to availability, the customer may use Project Codes to identify the users or user groups on an account. The numerical composition of such codes shall be set by COMPANY to assure compatibility with its accounting and automation systems and to avoid duplication of codes.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)2. LOCATIONS OF SERVICE

Communications may originate and terminate in any area within the State of South Dakota.

3. LIMITATIONS OF SERVICE

A. Service is offered subject to the availability of the necessary facilities and/or equipment and subject to provisions of this tariff and/or price list. COMPANY reserves the right not to provide service to or from location(s) where the necessary facilities or equipment are not available.

B. Service may be disconnected, upon written notice, when necessitated by conditions beyond COMPANY's control. These conditions include, but are not limited to, a customer's call volume or calling pattern that results or may result in network blockages or other service degradation which adversely affect service to the calling party, customer, or other customers of COMPANY. COMPANY also reserves the right to discontinue furnishing service, upon written notice, when the customer is using the service in violation of the provisions contained herein, or in violation of the law.

C. Service may be discontinued by COMPANY, without notice to the customer, by blocking traffic to or from certain cities, NXX exchanges, or individual telephone stations, by blocking call origination for 500, 800 or 900 service(s), or by blocking calls using certain customer authorization codes, when COMPANY deems it necessary to take such action to prevent unlawful use of, or nonpayment for its service. COMPANY will restore service as soon as it can be provided without undue risk, and will, upon request by the customer affected, assign a new authorization code to replace the one that has been deactivated. In addition, COMPANY may, at the request of the customer institute blocking of telephone stations in order to prevent telephone calls made to annoy, abuse, threaten or harass any person at the called number. COMPANY will, upon written request by the customer, remove the block. COMPANY reserves the right to limit the number of requests for blocking per customer. In order to control fraud, COMPANY may refuse to accept Calling Card, Collect Calling and/or Third Number calls which it determines to be invalid and/or may limit the use of these billing options to or from certain areas, including all or part of the State of South Dakota.

D. COMPANY reserves the right to discontinue furnishing service when necessitated by conditions beyond its control or when the customer is using the service in violation of the law or provisions of this tariff.

E. COMPANY offers customers operator assisted calls (0+ or 0-), credit card calls, collect calls, person to person calls, and third party calls. 911 emergency calls and 976 numbers are not directed to COMPANY, but will be completed by Local Exchange and/or other Connecting Carriers.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

3. LIMITATIONS OF SERVICE (Cont'd)

F. COMPANY reserves the right to change the rates, terms or conditions of its services as permitted by the South Dakota Public Utility Commission.

G. A customer shall not use any service mark or trademark of COMPANY or refer to TOUCH AMERICA in connection with any product, equipment, promotion or publication of the customer without the approval of COMPANY.

H. Title to all facilities provided by COMPANY under these regulations remains with COMPANY.

4. TERMS AND CONDITIONS

A. Unless credit considerations or other circumstances require special agreements for more frequent billing, service is provided on a basis of a minimum period of at least one month. Individual call charges are calculated to the nearest 1/100th cent and then rounded up to the next whole cent. Billing begins on the date that service becomes effective and continues to be provided until canceled by the customer or COMPANY.

B. Service is offered on a monthly basis, unless otherwise agreed upon by the customer and COMPANY, seven (7) days per week, twenty-four (24) hours per day.

C. The name(s) of the customer(s) desiring to use the service must be stipulated in the Application for Subscription or Service Agreement.

D. The customer agrees to operate Company-provided equipment in accordance with instructions of COMPANY or its agent. Failure to do so will void COMPANY's liability for interruption of service and may make the customer responsible for damage to equipment.

E. The customer agrees to return to COMPANY all COMPANY-provided equipment delivered to the customer within five (5) days of termination of the service in connection with which the equipment was used. Said equipment shall be in the same condition as when delivered to the customer, normal wear and tear only are excepted. The customer shall reimburse COMPANY, upon demand, for any costs incurred by COMPANY due to the customer's failure to comply with this provision.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

5. USE OF SERVICE

A. Service may be used for the transmission and reception of communications by the customer.

B. Service may not be used for any unlawful purpose or for any purpose for which any payment or other compensation is received by the customer, except when the customer is a duly authorized and regulated common carrier. This provision does not prohibit an arrangement between the customer, authorized user, or joint user to share the cost of the service so long as the arrangement generates no profit for any participant in the arrangement.

6. INTERCONNECTION

A. Service furnished by COMPANY may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by COMPANY. Service furnished by COMPANY is not part of a joint undertaking with such carriers. Any special interface equipment or facilities necessary to achieve compatibility between the facilities of COMPANY and other participating carriers shall be provided at the customer's expense.

B. Interconnection with the facilities or services of other Connecting Carriers shall be under the applicable terms and conditions of the other Connecting Carriers' tariffs. The customer is responsible for taking all necessary legal steps for interconnecting customer-provided terminal equipment or communications system with COMPANY's facilities. The customer shall secure all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection.

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)7. LIABILITY/CREDIT ALLOWANCES

A. COMPANY shall not be liable for any failure of performance due to causes beyond its control, including, but not limited to, acts of God, fires, floods or other catastrophes, national emergencies, insurrections, riots of wars; strikes, lockouts, work stoppages or other labor difficulties, Connecting Carrier operating problems; and any law order, regulation or other action of any governing authority or agency thereof.

B. If the subscriber's service is interrupted for reasons other than the subscriber's negligence or a willful act of the subscriber and the service remains out of order for more than 24 hours after being reported or found to be out of order, the telecommunications company shall make an adjustment or refund to the subscriber. The refund to the subscriber shall be the pro rata part of the monthly charge for the period of days and for that portion of the service and facilities rendered useless or inoperative by the outage. The refund may be accompanied by a credit on subsequent bills for the telecommunications service.

C. COMPANY's liability for willful misconduct, if established as a result of judicial or administrative proceedings, is not limited by this tariff. With respect to any other claim or suit, by a customer or any others, for damages associated with ordering (including reservations of any specific number(s) for use with a service), installation (including delays thereof), provision, termination, maintenance, repair, interruption, or restoration of any service and/or facilities offered under this tariff, COMPANY's liability, if any, shall be limited as follows:

(1). With respect to any service provided by COMPANY, which involves dedicated access, COMPANY's liability shall not exceed an amount equal to the proportionate monthly recurring charges -- including any service charges, monthly minimum charges, basic feature package charges, monthly charges for option features, charges for dedicated access facilities and any other monthly charges -- for the period during which the service was affected.

(2). With respect to any toll free Inbound Service (800, 888, 877, 866, etc.; hereafter referred to as 800 Inbound Service) provided by COMPANY which involves per minute usage charges, COMPANY's liability shall not exceed an amount equal to the proportionate monthly recurring service charges -- including any monthly fee associated with the service, charges for dedicated termination facilities, and any other monthly charges -- for the period during which the service was affected. COMPANY shall not be liable where 800 Inbound Service was affected. COMPANY shall not be liable where 800 Inbound Service is not made available on the date committed to the customer, or cannot otherwise be made available after COMPANY's acceptance of the customer's order, or where the customer is provided with a number or numbers other than the one(s) committed by COMPANY to the customer or the number or numbers included in the 800 Inbound Service are published by the customer in an incorrect form. It is the customer's responsibility to test all 800 Inbound Service numbers prior to the preparation of advertising materials or the dissemination of the number.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

7. LIABILITY/CREDIT ALLOWANCES (Cont'd)

(3). COMPANY shall not be liable at all for the use, misuse, or abuse of a customer's 800 Inbound Service by third parties, including, without limitation, the customer's employees or members of the public who dial the customer's 800 Inbound Service number by mistake or intentionally bother the customer with repeated calls. Compensation for any injury the customer may suffer due to the fault of others than COMPANY must be sought from such other parties.

(4). Subject to the specific limitations set forth in this paragraph, for all of COMPANY's services for which charges are specified on the basis of per minute of use, or on usage of a fraction of a minute, and in which there may be interruption of any individual call caused by COMPANY which can be remedied by redialing the call.

a. A credit allowance will be made for that portion of a call which is interrupted due to poor transmission (e.g. noisy circuit), one-way transmission (one party is unable to hear the other), or involuntary disconnection caused by COMPANY's service. A customer may also be granted credit for reaching a wrong number. To receive a credit, the customer must notify COMPANY's Customer Service Center and furnish the number from which the call was placed, the number called, the difficulty experienced and approximate time the call was placed. Credit allowances will not be made for (1) interruptions not reported to COMPANY or (2) interruptions that are due to the failure of power equipment, systems or services not provided by COMPANY. If the customer elects to use another means of communications after one of the above interruptions, or during a period when they are unable to place a call over COMPANY, the customer must pay the charges for the alternative service used.

b. Where a call has been disconnected, the customer will be given a credit allowance equivalent to the charge for the initial minute of the call made to reestablish communications with the other party. Where a call has been interrupted by poor transmission or one-way transmission, the customer will be given allowance up to an amount equivalent to the charge for the initial minute of the call to the wrong number if they report the situation promptly to a COMPANY Customer Service Representative.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

7. LIABILITY/CREDIT ALLOWANCES (Cont'd)

(5). For all of COMPANY's services which involve dedicated access for which monthly recurring charges are applied and which may be interrupted for as much as several days, the customer will be given a credit allowance for an interruption of two consecutive hours or more, as follows:

a. When service is interrupted for a period of less than two (2) hours, no credit allowance will be given.

b. When the service's dedicated access line or lines associated with the service are interrupted for a period of two (2) to twenty-four (24) hours, a credit allowance in an amount equal to one-thirtieth (1/30th) of the monthly recurring charge or charges will be given.

c. When the service's dedicated access line or lines associated with the service are interrupted for a period of more than twenty-four (24) hours, a credit allowance in an amount equal to one-thirtieth (1/30th) of the monthly recurring charge or charges will be given for each twenty-four (24) hour period or fraction thereof.

(6). No credit allowances will be made for:

a. Interruptions caused by the negligence of the customer or others authorized by the customer to use the customer's service.

b. Interruptions due to the failure of power equipment, systems, or services not provided by COMPANY

c. Interruptions during any period during which COMPANY or its agents are not afforded access to the premises where lines associated with the customer's services are located.

d. Interruptions during any period when the customer or user has released the service to COMPANY for maintenance or rearrangement purposes, or for the implementation of a customer order.

e. Interruptions during periods when the customer elects not to release the service for testing or repair and continues to use it on an impaired basis.

f. Interruptions not reported to Carrier.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

7. LIABILITY/CREDIT ALLOWANCES (Cont'd)

(7). An interruption period begins when the customer reports to COMPANY that the service has been interrupted and releases it for testing and repair. An interruption period ends when the service is operative again. If the customer reports the service to be inoperative but declines to release it for testing and repair, the service is deemed to be impaired but not interrupted.

(8). If the customer elects to use another means of communicating during the period of interruption, the customer must pay the charges for the alternative service used.

(9). If a facsimile transmission is interrupted due to deficiencies in COMPANY's service, a credit allowance will be given in an amount equal to the charge applicable to the transmission of one (1) page of material at the time the transmission was affected, using the class of service chosen by the customer and the terminal types involved in the transmission.

(10). Notwithstanding the foregoing provisions of this paragraph, COMPANY shall not be liable for any consequential, special, indirect or incidental damages.

D. COMPANY shall be indemnified, defended and held harmless by the customer or by others authorized to use a COMPANY service against all claims of loss or damage arising from the use of furnished service(s) provided herein, including:

(1). claims for libel, slander, invasion of privacy, or infringement of copyright arising out of the material, data, information, or other content transmitted via a COMPANY service;

(2). patent infringement claims arising from combining or connecting a COMPANY service with apparatus and systems furnished by the customer or other; and

(3). all other claims arising out of any act or omission of the customer or other, in connection with any service provided by COMPANY

E. COMPANY shall not be liable for any act or omission of any Connecting Carrier or any other company or companies furnishing a portion of the service, or for the damages associated with service, channels, circuits or equipment which COMPANY does not furnish, or for damages which result from the operation of customer-provided systems, equipment, facilities or services which are interconnected with COMPANY's service.

ISSUED: April 11, 2001

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SECTION 2 - RULES AND REGULATIONS (Cont'd)7. LIABILITY/CREDIT ALLOWANCES (Cont'd)

F. COMPANY does not guarantee or make any warranty with respect to service installations at locations at which there is present an atmosphere that is explosive, prone to fire, dangerous or otherwise unsuitable for such installations. The customer and authorized user shall indemnify and hold COMPANY harmless from any and all loss, claims, demands suits, or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the customer or by any other party, for any personal injury to, or death of, any person or persons, and for any loss, damage, or destruction of any property, whether owned by the customer or others, caused or claimed to have been caused, directly or indirectly by the installation, operation, location or use of service furnished by COMPANY at such locations.

G. COMPANY is not liable for any defacement of, or damage to, the premises of a customer resulting from the furnishing for service, or the attachment of instruments, apparatus and associated wiring by COMPANY on such customer's premises or from the installation or removal thereof, when such defacement or damage is not the result of COMPANY's negligence. No agents, or employees of other participating carriers or Connecting Carriers shall be deemed to be agents or employees of COMPANY.

H. COMPANY shall not be liable for the customer's failure to fulfill its obligation to take all necessary steps, including, without limitation, obtaining, installing, and maintaining all necessary equipment, materials and supplies for interconnecting the terminal equipment or communications system of the customer, or any third party acting as its agent, to the COMPANY network. The customer shall secure all licenses, permits, rights-of way, and other arrangements necessary for such interconnections. In addition, the customer shall ensure that its equipment and/or system or that of its agent is properly interfaced with COMPANY's service, that the signals emitted into the COMPANY's network are of the proper mode, band width, power, data speed and signal level for the intended use of the customer and in compliance with the criteria established by COMPANY and that the signals do not damage COMPANY's equipment, injure its personnel, or degrade service to other customers. If the customer or its agents fail to maintain and operate its equipment and/or system or that of its agent properly, with resulting imminent harm to COMPANY's equipment, personnel, or the quality of service to other customers, COMPANY may, upon notice to the customer, require the use of protective equipment at the customer's expense. If this fails to produce satisfactory quality and safety, COMPANY may, upon notice to the customer, terminate the customer's service without liability.

8. MINIMUM SERVICE PERIOD

The minimum period for service, unless otherwise stipulated in applicable long-term service agreement(s) or contract(s) or as outlined in paragraph 4. of this Section for more frequent billing, is thirty (30) days.

ISSUED: April 11, 2001

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

9. CANCELLATION BY CUSTOMER

A. Service may be canceled by a customer by providing thirty (30) days written notice to COMPANY, or upon expiration date of any applicable long-term service agreement or contract.

B. If a customer orders service requiring special facilities dedicated to the customer's use and then cancels the order prior to the start of any design work or installation of facilities, the customer receives no charges.

C. Where installation of special facilities has been started prior to the cancellation, all non-recoverable charges incurred by COMPANY, expressly on behalf of the customer, shall be borne by the customer.

D. If cancellation is requested after completion of an installation, but before service begins or before completion of the minimum period, or before completion of some other time period mutually agreed upon, the customer shall be liable for all non-recoverable expenditures or liabilities incurred by COMPANY on behalf of the customer and not fully reimbursed by installation and/or monthly service charges.

10. CANCELLATION BY COMPANY

A. Cancellation Without Prior Notice. COMPANY may, immediately and without notice, discontinue the furnishing of service(s) to a customer, without incurring any liability, for any of the following reasons:

(1). If a condition immediately dangerous or hazardous to life, physical safety, or property exists, or it is necessary to prevent a violation of federal, state or local safety or health codes;

(2). If COMPANY is ordered to terminate service by any court, the Commission, or any other duly authorized public authority;

(3). COMPANY's service(s) was (were) obtained, diverted or used without the authorization or knowledge of the telephone company;

(4). The customer provides false information to COMPANY regarding the customer's identity, address, credit-worthiness, past or current use of common carrier communications services or its planned use of service(s);

ISSUED: April 11, 2001

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SECTION 2 - RULES AND REGULATIONS (Cont'd)10. CANCELLATION BY COMPANY (Cont'd)

B. Cancellation Upon Written Notice. COMPANY may, upon reasonable notice, discontinue the furnishing of service(s) to a customer, without incurring any liability, for any of the following reasons:

(1). If COMPANY deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities or services, COMPANY may discontinue service pursuant to this sub-section if:

(2). The customer refuses to furnish information to COMPANY regarding the customer's credit-worthiness, its past or current use of common carrier communications services or its planned use of service(s):

(3). The customer has been given written notice by COMPANY of any past due amount, which remains unpaid in whole or in part, for any of COMPANY's other common carrier communications services to which the customer either subscribes or had subscribed or used.

(4). The customer uses, or attempts to use, service with the intent to avoid payment, either whole or in part, of other charges for the service stated in this tariff:

(a). Using or attempting to use the service by rearranging, tampering with, or making connections to COMPANY's service not authorized by this tariff; or

(b). Using tricks, schemes, false or invalid number, false credit devices, electronic devices; or

(c). Any other fraudulent means or devices;

(5). Upon written notice to the customer of any sum thirty (30) days past due; or

(6). After failure of the customer to comply with a request by COMPANY to comply with a request by COMPANY for security or the payment of service pursuant to Section 20.A.;

(7). Thirty (30) days after sending the customer written notice of noncompliance with any other provision of this tariff if the noncompliance is not corrected within thirty (30) day period.

(C) The discontinuance of service(s) by COMPANY pursuant to this Section does not relieve the customer of any obligation to pay COMPANY for charges due and owing for service(s) furnished up to the time of discontinuance.

ISSUED: April 11, 2001

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

11. INTERRUPTION OF SERVICE

A. COMPANY will avoid and restore interruptions of service in compliance with South Dakota Public Utility Commission rules and regulations.

B. Credit allowance for interruptions of service which are not due to COMPANY'S testing or adjusting, the negligence of the customer, or the failure of channels, equipment, and/or the communications system provided by the customer, are subject to the general "Liability" provisions set forth in paragraph 7 herein. It shall be the obligation of the customer to notify COMPANY of any interruptions in service. Before giving such notice, the customer shall ascertain that the trouble is not being caused by an action or omission of the customer, is not within the customer's control, or is not in the wiring or equipment connected to the terminal of COMPANY

12. RESTORATION OF SERVICE

The use and restoration of service in emergencies shall be in accordance with Part 64, subpart D, of the Federal Communications Commission's Rules and Regulations, which specifies the priority system for such activities.

13. INSPECTIONS

COMPANY may, upon reasonable notice, make such tests and inspections as may be necessary to determine that the requirements contained herein are observed.

14. TESTING AND ADJUSTING

Upon reasonable notice, the circuits provided by COMPANY and/or its Connecting Carriers shall be made available to COMPANY and/or its Connecting Carriers for such tests and adjustments as may be necessary to maintain them in satisfactory condition. COMPANY shall have no liability to customers for time during which such tests and adjustments are/were made.

15. SPECIAL CUSTOMER ARRANGEMENTS

In cases where a customer requests special arrangements which may include engineering, installation, construction, facilities, assembly, purchase or lease of facilities, and/or other special services not offered under this tariff, COMPANY, at its option, may provide the requested services. Appropriate recurring and/or non-recurring charges will be developed accordingly.

16. RESERVED

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Issued by:

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

17. CUSTOMER INQUIRIES AND COMPLAINTS

A. Customer inquiries regarding service or billing may be made in writing or by telephone to COMPANY's Customer Service Center at the following address and toll-free telephone number:

Touch America, Inc.  
P.O. Box 5207  
Missoula, Montana 59806  
Toll-Free Customer Service Telephone - (800) 823-4664

B. COMPANY Customer Service Personnel will respond either in person or via telephone as soon as possible but no later than 24 hours from receipt of inquiry.

C. Any unresolved disputes may be directed to the attention of:

South Dakota Public Utility Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070  
Phone: 605-773-3201  
Fax: 605-773-3809  
TTY: 800-877-1113

D. In the event of a dispute between a subscriber and COMPANY concerning any bill, COMPANY requires the subscriber to pay the undisputed portion of the bill to avoid disconnection of service for nonpayment. COMPANY will make an appropriate investigation and report the results of the investigation to the customer and to the South Dakota Public Utility Commission, if involved.

18. NOTICES

A. Consistent with the notice requirements in Paragraph 10.B of this Section, any notice COMPANY may give to a customer may be given orally either to the customer or his/her authorized representative, or by written notice mailed to the customer's billing address or to any such address as may be subsequently given by the customer to COMPANY.

B. Unless otherwise provided by these rules, any notice from any customer may be given to COMPANY orally by the customer, or any authorized representative, at COMPANY's business offices, or by written notice mailed to the address given in paragraph 17.A. of this Section.

ISSUED: April 11, 2001  
Issued by:

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SECTION 2 - RULES AND REGULATIONS (Cont'd)19. PAYMENT AND BILLING

A. Service is provided and billed on a Monthly (30-day) basis unless certain conditions apply as cited in paragraphs 1.E. and 4.A. of this Section. Service continues to be provided until canceled by the customer or COMPANY pursuant to paragraphs 9. and 10. of this Section.

B. The customer is responsible for payment of all charges for services furnished to the customer or its authorized users. Non-recurring charges are payable when the service(s) for which they are specified have been performed. If an entity other than COMPANY, e.g., another carrier or supplier, imposes charges on COMPANY in addition to its own internal costs, in connection with a service for which a COMPANY non-recurring charge is specified, those charges will be passed on to the customer. Usage charges are billed after each usage cycle, on not less than a monthly basis based on billing cycles designated by COMPANY, unless certain conditions apply as cited in paragraphs 1.E. and 4.A. of this Section.

C. A customer of COMPANY 800 Inbound Service is responsible for payment for all calls placed on or via the customer's 800 Inbound Service number(s). This responsibility is not changed by virtue of any use, misuse, or abuse of the customer's service or customer-provided systems, equipment, facilities or services interconnected to the customer's 800 Inbound Service, which use, misuse or abuse may be occasional by third parties, including, without limitation, the customer's employees and members of the public who dial the customer's 800 Inbound Service by mistake or in an effort to illegally use the service.

D. The customer will be billed for and is liable for payment of all applicable Federal, State, County, Municipal and/or Local taxes which will be listed as separate line items and which are not included in the quoted rates.

E. ALL COMPANY bills are due and payable upon receipt and are considered past due thirty (30) days after issuance.

F. No deposits are required for services provided under this tariff unless COMPANY determines that a security deposit or advance payment is necessary pursuant to paragraph 20 of this Section.

G. The customer is responsible for any and all charges for services not provided by COMPANY.

H. Calls that begin in one rate period and end in another will be billed in each rate period respectively, except for international calls, which calls are billed at the rate applicable to the originating time period.

ISSUED: April 11, 2001

Issued by:

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SECTION 2 - RULES AND REGULATIONS (Cont'd)19. PAYMENT AND BILLING (Cont'd)

I. A late payment finance charge of 1.5% will be assessed on all bills not paid within thirty (30) days of the date on the billing statement. This finance charge shall appear on all subsequent statements and accrue accordingly until paid in full.

J. While charges set forth herein for installation work contemplate installations in normal locations under normal conditions, installations to be made under other circumstances may be subject to additional charges. For dedicated facilities, installation charges may vary depending upon the Local Exchange Company and the location of the customer. In any event, all installation charges, including Local Exchange Company charges to be passed through to the customer, will be established and itemized in writing, acknowledge and authorized by customer signature prior to installation. The customer may verify and all pass through LEC facility charges by contracting respective Local Exchange Company. As outlined in paragraph twenty-one (21) of this Section, COMPANY will pass actual LEC facility charges through to the customer.

K. Customer Bills

- (1). Bills to customers are typed and/or machine printed;
- (2). Provided monthly to residential and at least annually to business customers unless the residential or business customer requests a different time period; and
- (3). Contain an itemized list of all charges at least annually or any time the customer requests an itemization.
- (4). Customer billing sent through the United States mail is sent in envelopes and include a return envelope for payment of the customer's bills.

L. One (1) copy of each monthly billing will be supplied to each customer without charge. An additional copy will also be supplied upon the customer's request without charge if the additional copy is mailed by COMPANY in the same envelope with the original bill. Upon customer's request, COMPANY will also mail copies of its bill to one or more additional addresses at a charge of \$5.00 per bill per month.

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)19. PAYMENT AND BILLING (Cont'd)

M. If a customer whose account has been closed has a credit balance showing due to overpayment, COMPANY will transfer the credit to another account of the customer, if there is one. If not, COMPANY will mail a check for the balance to the customer if it believes it has a valid address. If COMPANY is not certain it has a valid address, it will either include a notice with the final invoice, which will be mailed to the customer's last known address, asking the customer to verify the address so that a refund can be processed; or, it will contact the customer at the address and request verification. Such verifications can be made by calling a designated telephone number or by writing to a specified address. Upon receiving verification, a check for the balance will be mailed. If the final invoice or notification letter is returned by the post office as undeliverable, or if no response is received within thirty (30) days of mailing, COMPANY will begin a closed account maintenance charge of \$2.50 per month in the second monthly billing period following the month in which the account was closed. COMPANY will continue to apply that charge until the customer requests a refund or the balance is exhausted.

N. A charge of \$15.00 per item will be applied to any check returned for insufficient funds, no signature, account closed or if payment is stopped.

O. The name(s) of the customer(s) desiring to use the service must be set forth in the application for service or the Service Agreement.

20. ESTABLISHMENT OF CREDIT  
SECURITY DEPOSIT/ADVANCE PAYMENTA. Nondiscriminatory credit policy

(1). COMPANY adheres to a nondiscriminatory credit policy, as set forth in Paragraph 20. of its South Dakota tariff.

(2). COMPANY fairly, and without discrimination, administers a credit policy that is easily understandable and extends telecommunications service to as many South Dakotans as possible. The essential ingredient in COMPANY's administration of its credit policy is the equitable and indiscriminate application of that policy to all applicants for service and subscribers throughout its service area without regard to the economic character of the area or any part of it and without regard to the collective credit reputation of the area in which the applicant for service lives.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)20. ESTABLISHMENT OF CREDIT  
SECURITY DEPOSIT/ADVANCE PAYMENT (Cont'd)B. Establishment or reestablishment of satisfactory credit

To establish or reestablish satisfactory credit, COMPANY may request that an applicant for service or an existing subscriber:

- (1). Make a cash deposit or increase a deposit
- (2). Be placed on an early payments list in accordance with 20:10:08:08 or
- (3). Be placed on toll-restricted service.

COMPANY provides notice at least 15 days before the day a deposit or early payment is required. A subscriber who does not pay a bill must comply with the agreements clause in subdivision 20:10:10:03(4).

COMPANY will inform each customer of this rule at the inception of service and on any disconnection notices to enable the customer to avoid disconnection and payment of an additional deposit.

C. Means of Establishing Credit

COMPANY determines the credit standing of an applicant for service based on the information about the applicant's prior telecommunications bill payment history if the applicant has had service before or based on toll charges reasonably traced to the applicant but placed from the telephone of another if the applicant has not had service before. Such information shall be the major factor in decisions regarding satisfactory or unsatisfactory credit and deposit amounts. If an applicant for service has no telecommunications credit history, COMPANY may, with notice to the applicant, determine the credit standing of the applicant based on other information about the applicant's other utility bill payments or credit history, including reports from consumer reporting agencies subject to the Federal Fair Credit Reporting Act, 15 U.S.C. §1681 et. seq. (October 26, 1970). COMPANY may use employment information to verify names and past addresses of a service applicant.

D. Types of Credit Defined

Following are the categories of credit for applicants with past telecommunication service histories, their definitions, and the required deposits.

- (1). "Satisfactory Credit" is defined as no disconnections for nonpayment in the most recent year of telecommunications service and fewer than three disconnection notices in the most recent year of service. No deposit will be required by COMPANY if an applicant for service or an existing subscriber exhibits satisfactory credit as herein defined.

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)20. ESTABLISHMENT OF CREDIT  
SECURITY DEPOSIT/ADVANCE PAYMENT (Cont'd)

(2). "Unsatisfactory Credit" is defined as one or more disconnections in the most recent year of telecommunications service

The deposit for unsatisfactory credit shall be no more than the estimated cost of service for two months. The estimate shall be based on past telecommunications bill information and computed by multiplying the average monthly bill over the past 12 months times two. If bills for at least 12 months are not available, COMPANY may use the bills that are available. If a subscriber is unable to pay the full amount of the deposit, COMPANY may use the bills that are available. If a subscriber is unable to pay the full amount of the deposit, COMPANY shall accept payment of the deposit in installments over not more than three months.

The telecommunications company shall inform the subscriber of the option of receiving toll-restricted service on lieu of paying a deposit. If the subscriber chooses toll-restricted service and pays bills for service for 12 consecutive months without having service disconnected for nonpayment and without receiving three or more disconnection notices, the company shall offer the subscriber full service.

E. Deposit policy for applicants with no past service

If an applicant claims no past service, COMPANY has no information to dispute this claim, and COMPANY can establish through readily available credit information that the applicant is a high credit risk the telecommunications company may require a deposit based on the average cost of service for two months or \$130.00, whichever is less, payable in up to three monthly installments. COMPANY may require a \$25.00 deposit from an applicant with no past service if COMPANY cannot establish through available credit information any credit risk.

F. In lieu of a deposit

COMPANY may accept an advance payment or a guarantor or may provide toll-restricted service. COMPANY will inform the applicant of the option of receiving toll-restricted service in lieu of paying a deposit. If the applicant chooses toll-restricted service and pays bills for service for 12 consecutive months without having service disconnected for nonpayment and without receiving three or more disconnection notices, COMPANY will offer the applicant full service.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)20. ESTABLISHMENT OF CREDIT  
SECURITY DEPOSIT/ADVANCE PAYMENT (Cont'd)G. Deposit if applicant has past experience without liability

In setting a deposit, COMPANY may consider the toll experience of an applicant to whom toll expenses have been reasonably traced but who had not been liable. In this case, COMPANY may move from no deposit to or the \$130.00 deposit as set forth in 20:10:08:06 to a charge that reasonably reflects two months estimated billing calculated by the method described for the deposit for unsatisfactory credit in 20:10:08:05. COMPANY will inform the applicant of the opinion of receiving toll-restricted service and pays bills for services for 12 consecutive months without having service disconnected for nonpayment and without receiving three or more disconnection notices, the company shall offer the applicant full service.

H. Early payment list

Early payment of bills may be required in lieu of a deposit. Early disconnection after early billing is proper if a subscriber fails to pay within the shorter payment period of ten days. However, placement on an early payment list may only apply to those from whom COMPANY may require a deposit, and such placement must end when an applicant or subscriber establishes credit that would under 20:10:08:12 result in the return of a deposit.

I. Deposit receipt

Upon receiving a deposit, COMPANY will furnish the applicant with a receipt of deposit.

J. Interest to be paid by COMPANY

COMPANY will pay interest on a deposit at the rate of 7 percent per annum. Any change in the rate set by this rule shall affect only those deposits accepted after the change. Interest shall accrue from the day of acceptance of the deposit and shall be available annually upon demand of the subscriber. COMPANY will not be required to pay interest on a deposit for the 90 day period following disconnection of service, if during such period COMPANY has made a reasonable effort to refund the deposit. Thereafter, an unclaimed deposit plus accrued interest shall be credited to an appropriate account.

ISSUED: April 11, 2001

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**SECTION 2 - RULES AND REGULATIONS (Cont'd)****20. ESTABLISHMENT OF CREDIT  
SECURITY DEPOSIT/ADVANCE PAYMENT (Cont'd)****K. Refund upon disconnection**

After disconnection of service and receipt of the final payment, COMPANY shall promptly and automatically refund the subscriber's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills for service furnished by COMPANY. A transfer of service from one premise to another within the service area of COMPANY shall not be deemed a disconnection and shall not necessitate the payment of a second deposit unless a final bill has been issued at the first address.

**L. Refund during service**

When the subscriber has paid bills for service for 12 consecutive months without having service disconnected for nonpayment and without receiving three or more disconnection notices, COMPANY will promptly and automatically refund the deposit plus accrued interest to the customer in the form of cash or credit to the subscriber's bill. The subscriber shall choose the form of the refund.

**21. TOLL FREE SERVICE**

A. A call begins when call termination is received by or passes through customer premises equipment. It is the customer's responsibility to pass appropriate answer supervision back to the COMPANY point of connection.

B. If a customer of COMPANY's Toll Free service is found to be non-compliant in passing back appropriate answer supervision, COMPANY reserves the right to suspend and/or deny service. COMPANY shall give the customer 3 days notice of intent to suspend or deny service due to such non-compliance.

C. The customer shall be liable for all costs and toll charges associated with their 800 service, including unauthorized calls associated with the use of 800 service obtained from COMPANY including, but not limited to, calls made using COMPANY's Toll Free service when such calls are in any way routed through the customer's location. Customers shall maintain sole responsibility for the security of 800 number(s) issued to them.

D. Nothing in this section, or in any other provision of this tariff, or in any marketing materials issued by the company, shall give any customers who have reserved 800 telephone numbers hereunder or customers who subscribe to and use COMPANY Toll Free services, or their transferees or assignees, any ownership interest or proprietary right in any particular 800 service telephone number.

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)21. TOLL FREE SERVICE

E. Customers (including carrier customers) are prohibited from using any telephone numbers beginning with an 800 service code, or any other number advertised or widely understood to be toll free, in a manner that would result in; (a) the calling party or the subscriber originating line being assessed by any fee or charge virtue of completing the call; (b) the calling party being connected to a pay-per-call service; (c) the calling party being charged for information conveyed during the call unless the calling party has a pre-subscription or comparable arrangement; or (d) the calling party being called back collect for the provision of audio or data services, simultaneous voice conversation services, or products. The customer shall be afforded a period of no less than seven (7) days and no more than fourteen (14) days during which a violation may be brought into compliance. 800 service not in compliance with the above regulations at the expiration of such period may be terminated immediately.

F. The customer must obtain an adequate number of access lines associated with COMPANY's Toll Free services to handle the customer's expected demand in order to prevent interference or impairment of this service or any other service provided by COMPANY taking into account (1) call volume; (2) average call duration; (3) time-of-day characteristics; and (4) peak calling periods. The company, without incurring any liability, may disconnect or refuse to furnish COMPANY's Toll Free services to any customer that fails to comply with these conditions. In case of disconnection, the customer will be notified at least five (5) days in advance of the disconnect. The customer will be responsible for all charges incurred as well as any access charges COMPANY may incur as a result of the customer's failure to comply within the above conditions.

G. A customer is responsible for all charges for use of the COMPANY network arising from calls placed to the Customer's COMPANY Toll Free service. An applicant for COMPANY 800 service may be required to supply the following when requesting service: an initial traffic forecast, identification of its geographical marketing target areas, and a schedule of marketing and promotional activities. A new tariff forecast shall be submitted quarterly after service is initiated. Customers of COMPANY Toll Free service may not use Automatic Number Identification (ANI), provided by COMPANY incidental to the furnishing of COMPANY Toll Free service, to invoice, either directly or indirectly, their customer in connection with their furnishing of other than common carrier services.

H. The new prefixes "888" and "877" for the purpose of this tariff, apply to all COMPANY's existing 800 services, rates, and rules and regulations that governs all COMPANY's 800 service.

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)22. ADMINISTRATION OF TOLL FREE NUMBERS

A. COMPANY will accept a prospective customer's request for a particular COMPANY 800 service telephone number. Up to a total of ten (10) such numbers may be requested. COMPANY will accommodate each request to the extent possible. If a requested number(s) can be assigned to a prospective customer, COMPANY will so notify the customer and will reserve it for the customer's use for a 59-day period. If, at the end of the 59-day period, the prospective customer has not subscribed to COMPANY's 800 service using a reserved number(s), COMPANY in accordance with its procedures, may make the reserved number available for use by another customer.

B. In its capacity as Resp. Org., COMPANY will reserve, assign, activate or change, upon receipt of a verified request, 800 numbers for a customer or prospective and will administrator 800 numbers, in accordance with customary industry standards and practices, the terms of this tariff, and the effective procedures of the 800 Service Management System (SMS) database administration. Customers may request, reserve, or assign or activate 800 numbers on their own behalf, or a customer which resells COMPANY inbound transmission services may request, reserve, assign, or active 800 numbers on behalf of a customer or prospective customer of such reseller. A customer who resells COMPANY inbound transmission services must provide to any customer or potential customer, upon reasonable request therefore, concerning the status of a particular 800 number or numbers in which the customer or potential customer has interest and, if applicable and available the identity of the Resp. Org.(s) for the 800 numbers. If an existing or prospective COMPANY customer decides not to utilize the reserved, assigned, or activated 800 number(s), the customer must notify COMPANY within 48 hours so that COMPANY may release the 800 number to the pool of numbers available for assignment in accordance with industry practice and standards.

C. 800 numbers are incidental to the inbound calling service with which they are associated and, as such, may not be sold, transferred or otherwise conveyed independent of inbound transmission service. The assignment of an 800 telephone number(s) for use with company-provided inbound transmission service confers on the customer no proprietary interest what so ever in the number(s) assigned. It shall be a violation of this tariff if the customer seeks to acquire, or does acquire, any 800 numbers associated with inbound service provided by the company for the primary purpose of selling, brokering, bartering, or releasing for a fee (or other consideration) to another party that 800 number, independent of the COMPANY service with which it is associated. In any instance in which the company learns that a customer or prospective customer is attempting to sell or otherwise transfer or assign an 800 number to another person, in violation of this tariff, COMPANY may immediately and without notice release the number from reserved status, or it may immediately upon written notice to the customer discontinue the furnishing of service via the 800 number. The COMPANY telephone number forfeited as a result of the impermissible or reassigned to the undertaking will not be reserved for the prospective customer or reassigned to the customer under any condition or circumstance by COMPANY.

D. Each 800 service telephone number must be placed in actual and substantial use by the customer.

ISSUED: April 11, 2001

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

23. OPERATOR SERVICES - COMPANY OBLIGATIONS

A. When providing Operator Services to Aggregators, COMPANY will:

- (1). Notify the End User of the operator services carrier handling the call;
- (2). Inform the End User, upon request, of the rates to be charged and explain the method of billing, at no charge;
- (3). Not charge for unanswered or incomplete telephone calls;
- (4). Withhold payment of commission or other compensation to a subscriber who engages in blocking 800, 950 and 10XXX access calls;
- (5). Rate and bill calls from their actual point of origination, unless the End User consents to a different arrangement.

B. All 0- or 911 emergency calls will be immediately defaulted to the LEC for proper handling.

C. COMPANY ensures that operator services provided under this tariff comply with all federal requirements established under the Telephone Operator Consumer Services Improvement Act of 1990, 47 U.S.C. §226 (October 27, 1992).

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)

24. OPERATOR SERVICES - AGGREGATOR OBLIGATIONS

A. An operator service subscriber is required to post information (tent cards or stickers) on or near the telephone notifying the End User of the following:

- (1). The Company's name, address, and toll-free number:
- (2). A statement disclosing that the rate information is available upon request and that the End User has the right to access another carrier and obtain instructions from the preferred carrier on receiving access:
- (3). The following notice in boldface:

**SERVICES FROM THIS TELEPHONE MAY BE AT RATES DIFFERENT FROM YOUR LONG DISTANCE COMPANY. BEFORE PLACING YOUR CALL YOU HAVE THE RIGHT TO REQUEST INFORMATION REGARDING CHARGES FROM THE OPERATOR. INSTRUCTIONS FOR REACHING THE TELECOMMUNICATIONS COMPANY OF YOUR CHOICE ARE AVAILABLE FROM THAT COMPANY.**

(4). The address of the Federal Communications Commission's Common Carrier Bureau's Enforcement Division will be posted for End Users wishing to file operator services complaints related to interstate calls, and the address of the Commission for intrastate calls.

B. Aggregators are prohibited from blocking 800, 950 and 10XXX access calls on presubscribed telephones. An aggregator shall not charge higher rates for calls accessing the operator service provider via 800, 950 and 10XXX numbers than those rates charged for calls using the presubscribed operator service provider.

C. The operator service subscriber must provide the COMPANY with current local emergency numbers for police, fire and ambulance for each location.

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)25. OPERATOR SERVICES - BILLING ARRANGEMENTSA. Collect, Calling Card, and Charge Third Party Calls

Charges for calls of this type will be included on the user's or called or third party's regular home or business telephone bill pursuant to billing and collection agreements established by COMPANY or its intermediary with the applicable telephone company.

B. Credit Card Calls

Charges for credit card calls will be included on the user's regular monthly statement from the card-issuing company.

C. Room Charge Calls

When requested by the user, and authorized by the subscriber, the charges may be provided for inclusion on the hotel or motel bill of the user. In such cases, COMPANY will provide a record of the call detail and charges to the hotel or motel for such billing purposes.

D. Validation of Credit

COMPANY reserves the right to validate the credit worthiness of users through available credit card, calling card, call number, third party telephone number and room number verification procedures. Where a requested billing method cannot be validated, the user may be required to provide an acceptable alternate billing method or COMPANY may refuse to place the call.

E. Contested Charges

For consideration of any disputed charge, a user must submit in writing to COMPANY, within 30 days of the date the bill is issued, the call details and the bases for any requested adjustment. COMPANY will promptly investigate and advise the user as to its findings and disposition. Any undisputed charges must be paid on a timely basis.

F. Billing Entity Condition

When billing functions on behalf of COMPANY are performed by local exchange telephone companies, credit card companies or others, the payment of charge conditions and regulations of such companies apply, including any applicable interest and/or late payment charge conditions.

ISSUED: April 11, 2001

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SECTION 2 - RULES AND REGULATIONS (Cont'd)26. DIRECTORY ASSISTANCE

A. Domestic directory assistance is available for all services. The directory assistance charge will be applied to each call for as to any telephone number in the United States, Puerto Rico, and the U.S. Virgin Islands. The Directory Assistance charge applies to each call regardless of whether the requested Directory Assistance telephone number is furnished. In addition, Directory Assistance calls will not count toward, nor be calculated as part of, the customer's service volume discounts unless otherwise indicated. Directory Assistance customers calls may be placed with the assistance of an operator, and they may be billed to commercial credit cards.

B. A credit allowance will be given or the charge that would otherwise apply will be waived when:

(1). The customer experiences poor transmission or is cut-off during the call to Directory Assistance.

(2). The customer is given an incorrect telephone number by the Directory Assistance operator.

(3). The customer has inadvertently miss-dialed and has reached Directory Assistance for the wrong area code. To obtain such a credit/waiver, the customer must notify an COMPANY customer service representative within twenty-four (24) hours.

C. Customers who are pre-subscribed to COMPANY service and have been certified in writing to be unable to access or use a manual directory because of a visual or other physical impairment are eligible to receive a credit which will be applied against the per-call charge and any applicable operator-assistance surcharges specified in this tariff for domestic Directory Assistance calls made by dialing Area Code + 555-1212. This certification must be made by a licensed physician, optometrist, appropriate federal or state agency, or appropriate approved private agency.

The written certification of visual or other physical impairment must be provided to an COMPANY Customer Service Center, or, at COMPANY's election, proof of certification, as defined above, may be provided to, and maintained on file with, the Customer's Local Exchange Carrier.

Credits may be used by: (i) the visually or otherwise physically impaired customer; (ii) an organization established specifically for the purpose of assisting the visually or otherwise physically impaired; or, (iii) a business where all owner(s) and/or employees of the business on the premises at which a call originates have been certified as visually or otherwise physically impaired. Credits will apply only to Directory Assistance calls made by dialing Area Code + 555-1212, that originate from and are billed to the telephone number of the certified visually or otherwise physically impaired person or organization. Only one telephone number per location is entitled to this credit. A maximum of fifty Directory Assistance calls, including operator-assistance surcharges, per monthly billing period will be eligible for the credit.

ISSUED: April 11, 2001

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SECTION 2 - RULES AND REGULATIONS (Cont'd)27. ROUNDING METHODSA. Term Definitions:

(1). Charge Element Rounding: The rounding of seconds for the initial and incremental periods of one call.

(2). Call Rounding: The rounding of cents for the initial and incremental periods of one call.

B. Rounding methods for computing charges:

(1). Bulk Rounding: Bulk rounding method rounds to the nearest fraction of a number, and retains those fractions from call to call until a whole number is accumulated, then that number is added to whatever call is hit when the (call) fractions total one (whole) number.

(2). Rounding Up: Rounding up method rounds the second digit to the right of the decimal point up one value if the value of the third digit to the right of the decimal point is greater than zero.

(3). Standard Rounding: Standard rounding determines if the third digit to the right of the decimal point is greater than 5, then the number will be rounded up; if the number is less than 5, no rounding will occur.

C. Rounding Applications:

(1). All charge elements for new products will be rounded up; all initial seconds and increments will be rounded using the Rounding Up method.

(2). All call rounding will be as follows:

Intrastate Usage	Bulk Rounding
Directory Assistance	Standard Rounding

ISSUED: April 11, 2001  
Issued by:

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SECTION 2 - RULES AND REGULATIONS (Cont'd)28. THIRD PARTY MARKETING PROMOTION

A. The Company may from time to time enter into agreements with third parties to market COMPANY services. Subsequent to entering into such agreements, COMPANY may pay commissions to the third party marketing entity for qualifying monthly usage revenues generated by COMPANY customers to whom the third party has marketed COMPANY service(s). The actual level of commissions to be paid will be dependent on the nature and extent of activities engaged in by the third party on COMPANY's behalf including, without limitation, initial sales efforts, order coordination and processing, customer service, service problem determination and resolution, billing coordination, billing dispute resolution, and collection or guarantee of collection of the amounts billed to COMPANY customers enrolled by the third party. The commission payments may be remitted by the third party, in whole or in part, and in its sole discretion, to customers to whom it has marketed COMPANY service(s).

B. Within a Third Party Marketing Promotion, COMPANY may waive its portion of installation charges on voice and data basic digital service and switched long distance services for all customers enrolled by a third party.

29. DEDICATED SERVICE

A. Upon request and signing up for one of COMPANY's dedicated access line services (DAL), the DAL customer will have the option of utilizing one of COMPANY's switched services until such time as the Customer's DAL service is installed and made available.

B. COMPANY will then credit the customer the difference between the switched product rates and the applicable DAL rates after the DAL service is installed and billing. The credit would only be for the period beginning with the first date the customer is willing to accept installation of the DAL and the actual date the DAL is installed. The credit will be given on the customer's second month's DAL bill received from COMPANY.

30. INFORMATION PROVIDER DATA

A Service Bureau shall promptly furnish to COMPANY, and keep current on a continuing basis, the name, address and customer service telephone number(s) of the Providers to whom it provides service. Where an Provider directly subscribes to COMPANY's service, it shall promptly furnish to COMPANY, and keep current on a continuing basis, its name, address and customer service telephone number(s).

31. LINE SEIZURE

No provider of pay-per-call services subscribing to COMPANY's service under this tariff shall use automatic dialing devices which deliver a recorded message to the called party unless the device releases that called party's telephone line promptly but in no event longer than current industry standards.

ISSUED: April 11, 2001

Issued by:

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SECTION 2 - RULES AND REGULATIONS (Cont'd)32. ANSWER SUPERVISION

Answer supervision must be provided when an COMPANY service offering is connected to switching equipment or a customer-provided communications system. The equipment or system must provide answer supervision so that the measure of chargeable time begins upon the delivery of the customer COMPANY call to the switching equipment or to the equipment connected to the communications system and ends upon termination of the call by the calling party. If a customer's communications system fails to promptly return to COMPANY an idle (on-hook) state upon completion of the call, the customer will be held responsible for all charges that result up until the time the customer's communication system signals COMPANY's network that the call has been terminated or until such a time that COMPANY's own system terminates the call.

33. RESTRICTIONS

Providers of pay-per-call services subscribing to COMPANY transmission services, including 900 service, must comply with all requirements of: (a) Titles II and III of the Telephone Disclosure and Dispute Resolution Act (Pub. L. No. 102-556) (TDDRA); and all requirements of: (b) the regulations prescribed by the Federal Communication Commission and the Federal Trade Commission pursuant to those Titles. The company shall terminate programs, which utilize 900 service if the programs are not in compliance, following written notice to the provider. The provider shall be afforded a period of no less than seven (7) days and no more than fourteen (14) days during which a program may be brought into compliance. Programs not in compliance at the expiration of such period shall be terminated immediately.

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)34. SPECIAL ACCESS SURCHARGE

A. A monthly special access surcharge, required by the Local Exchange Carrier (LEC), applies to each local channel termination associated with Channel Service and Foreign Exchange Service Capability. This monthly surcharge is applicable when the local channel is connected to a PBX or equivalent device, which is capable of interconnecting the Channel Service or Foreign Exchange Service Capability with local exchange service. When analog or digital high capacity facilities interconnect with the local exchange network, the special access surcharge is applied on a per voice grade equivalent circuit basis as shown in the following example:

Basic digital Facility Circuits	Voice Grade Equivalent	Monthly Surcharge Per Circuit
Group	X \$25 =	\$300.00
DSI	24 X \$25 =	\$600.00

B. The special access surcharge applies on each local channel termination installed whether the interconnection capability exists in the customer's premise equipment or in a Centrex CO type switch.

C. The customer may be exempt from the monthly special access surcharge if:

(1). The customer certifies in writing that the local channel terminates in a device not capable of interconnecting the service with the local exchange network; or

(2). The customer certifies that the local channel termination, by nature of its operating characteristics, could not make use of LEC common lines; or

(3). The customer certifies that the local channel is connected to a LEC's switched access service that is subject to carrier common line charges.

D. The certification will be in the form of a written notification to the Company. The notification may be provided:

(1). At the time the service is ordered; or

(2). At such time as the service is re-terminated to a device not capable of interconnecting to the local exchange network; or

(3). At such time as the local channel becomes associated with a switched access service that is subject to carrier common line charges.

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)34. SPECIAL ACCESS SURCHARGE (Cont'd)

E. If a written certification is not received at the time an order for new service is placed, the special access surcharge will be applied. COMPANY will cease billing the special access surcharge and the exempt status will become effective on the date certification is received by COMPANY on services in place. If the status of the basic digital facility was charged prior to the receipt of the exemption certification, COMPANY will credit the customer's account, not to exceed ninety (90) days, based on the effective date of the change specified by the customer in the letter of certification.

35. GROSS RECEIPTS TAX

A surcharge will be imposed on all charges for outbound service originating at, or inbound service terminating at, addresses in states which levy, or assert a claim of right to levy, a gross receipts tax on COMPANY's operations in any such state, or a tax on interstate access charges incurred by COMPANY for originating access to telephone exchanges in that state. This surcharge is based on the particular state's receipts tax and other states receipts taxes imposed directly or indirectly upon COMPANY by virtue of and measured by the gross receipts or revenues in that state and /or payment of interstate access charges in that state. The surcharges will be shown as a separate line item on the customer's invoice.

36. TELECOMMUNICATIONS SERVICE PRIORITY PROVISIONING AND RESTORATION OF SERVICE

The provisioning and restoration of service in emergencies shall be in accordance with Part 64, Subpart D, Appendix A of the Federal Communications Commission's Rules and Regulations, which specifies the prioritization for such activities.

ISSUED: April 11, 2001

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SECTION 2 - RULES AND REGULATIONS (Cont'd)37. TOLL-FREE SERVICE ASSURANCE GUARANTEE

A. If a Toll-Free line provided by COMPANY to the Customer is subject to a Service Disruption, COMPANY will, within 15 minutes of the exact time of completion of the Confirmation Process, reroute traffic from the Affected Toll-Free Line to any working number: (i) terminating in forty-eight (48) contiguous United States Domestic U.S.); and, (ii) which is provided by COMPANY to the Customer. If COMPANY fails to reroute such traffic within fifteen (15) minutes after completion of the Confirmation Process (A Toll-Free Line Outage), COMPANY will credit to the Customer's account an amount equivalent to the lesser of: (i) one hundred percent (100%) of the usage for the Affected Toll-Free Line for the entire month in which the Toll-Free Line Outage occurred; or, (ii) one hundred ten percent (110%) of the usage for the Affected Toll-Free Line in the month prior to the month in which the Toll-Free Line Outage occurs.

(1). Service Disruption is defined as a degradation in the performance of a toll-free line provided by COMPANY to the Customer (Affected Toll-Free Line) which completely disallows COMPANY from terminating calls to such Affected Toll-Free Line.

(2). The Confirmation Process is defined as (i) the Customer's telephonic notification to an COMPANY Customer Service Representative of a Service Disruption and the furnishing by the Customer of certain information (including the Customer's name and address, the Customer's COMPANY account number and the Affected Toll-Free Line, the service subscribed to by the Customer and the approximate time the Service Disruption began; and, (ii) acknowledgment from such COMPANY Customer Service Representative that traffic to the Affected Toll-Free Line will, in accordance with the terms of this Guarantee, be rerouted within 15 minutes of the conclusion of the Customer's telephone call to COMPANY.

(3). The credit will be applied within sixty (60) days of the Service Disruption. The credit will be calculated based on all calls to the Affected Toll-Free Line(s) and applied to the Customer's interstate usage.

(4). COMPANY is guaranteeing only that calls will be rerouted within 15 minutes upon completion of the Confirmation Process, not that service will be restored to the main location in that timeframe. COMPANY' only obligation under this Guarantee is to issue the appropriate credit as described above.

(5). A maximum of five (5) affected toll free numbers per Customer, per occurrence will be covered under this Guarantee.

(6). The customer is required to designate and provide to COMPANY a working telephone number with enough capacity to handle the rerouted traffic. COMPANY will not be responsible or liable for uncompleted calls due to problems with the working telephone number or insufficient capacity or number of lines at the working telephone number designated by the Customer.

ISSUED: April 11, 2001

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SECTION 2 - RULES AND REGULATIONS (Cont'd)37. TOLL-FREE SERVICE ASSURANCE GUARANTEE (Cont'd)

(7). The Toll-Free Service Assurance Guarantee shall not apply for the following:

(a). a Service Disruption is caused by the negligence, errors, or omissions of the affected Customer or others authorized by the Customer to use the Customer's service;

(b). a Service Disruption is caused due to the failure or malfunction of any power, equipment, service, or systems not provided directly by COMPANY;

(c). a Service Disruption occurs during any period in which COMPANY or its agents are not afforded access to the premises where access lines associated with the Affected Toll-Free Line is terminated; provided, however, that such access is needed to prevent Service Disruption;

(d). a Service Disruption occurs during any period when the Customer has released the service to COMPANY for maintenance or rearrangement purposes, or for the installation or de-installation of a Customer order;

(e). a Service Disruption occurs during a period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis;

(f). a Service Disruption occurs due to network busy conditions;

(g). a Service Disruption non immediately/promptly reported to COMPANY;

(h). a Service Disruption is caused by the failure of an underlying local exchange carrier or third party carrier of local, switched and/or dedicated service that COMPANY relies on to provide service to the Customer;

(i). a Service Disruption is caused by the failure of the National SMS 800 database and/or system;

(j). COMPANY is not the Responsible Organization (Resp Org) for the Affected Toll-Free Line;

(k). The on-line portion in a Multi-carrier situation;

(l). The Customer is utilizing COMPANY's Toll-Free Verified and Non-verified PAC, GeoRouting, or Menu Routing services;

ISSUED: April 11, 2001  
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SECTION 2 - RULES AND REGULATIONS (Cont'd)37. TOLL-FREE SERVICE ASSURANCE GUARANTEE (Cont'd)

(7). Cont'd.

(m). a Service Disruption caused by the Customer's use of COMPANY services in any unauthorized or unlawful manner; and/or,

(n). a Service Disruption is caused by or resulting from a *force majeure* event beyond the reasonable control of COMPANY including, but not limited to, an act of God, government regulations, or national emergency.

38. CUSTOMER SATISFACTION GUARANTEE

Except as set forth below, customers who sign a term agreement with COMPANY and terminate service prior to the expiration of their term agreement will be held responsible for all early termination charges as set forth in the agreement.

Customers who have entered into a term agreement for COMPANY service may terminate their agreement with COMPANY prior to the expiration of the term without liability for early termination charges (except as set forth herein) if COMPANY fails to provide billing and/or transmission services in accordance with industry standards within thirty (30) days after receipt of written notification from the customer specifying that an COMPANY billing and/or transmission service deficiency exists and issuance of an COMPANY trouble ticket. If the Customer terminates a term agreement because COMPANY is unable to cure an COMPANY billing and/or transmission service deficiency within thirty (30) days of receipt of the Customer's written notice and issuance of a trouble ticket, the customer will be entitled to receive:

A. A prorated portion of any tariffed discounts and/or credits that the customer would have been entitled to receive based on the portion of the term that has expired; and

B. Reimbursement for actual and applicable installation costs associated with switching it back to its previous long distance carrier. COMPANY will credit Customers utilizing switched access services an amount equal to the applicable Primary Interexchange Carrier (PIC) change charge actually incurred and paid by the Customer up to a maximum of \$10.00 per line. COMPANY will credit Customers utilizing dedicated access services an amount equal to the applicable installation charges actually incurred and paid by the Customer up to a maximum of \$200.00 per DS-0 line and a limit of 100 DS-0 lines. In order to qualify for this offering, the Customer must, within sixty (60) days of sending written notice of termination to COMPANY, submit invoices documenting the actual installation charges for which it seeks a credit.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

38. CUSTOMER SATISFACTION GUARANTEE (Cont'd)

In order to qualify for this guarantee, the Customer must notify COMPANY in writing of its intent to cancel its COMPANY service thirty (30) days prior to the requested termination date. Written notification must be sent to:

Touch America, Inc.  
Attention: Cancellation Notification  
P.O. Box 5207  
1903 South Russell St.  
Missoula, Montana 59806

Note: This guarantee excludes international frame relay and international private line services.

39. MINIMUM USAGE COMMITMENT

Where specifically allowed in the tariff, for those COMPANY services which provide a discount based upon the customer's commitment to use a minimum amount of COMPANY services per month, COMPANY will count the customer's total use of COMPANY services, except charges that have been specifically excluded under this tariff, in determining whether the customer satisfies the minimum usage requirement.

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES

1. AUDIO TELECONFERENCING

A. General Description: Audio Teleconferencing permits three (3) or more customers located within the State to be connected. COMPANY offers its customers the following three (3) Audio Teleconferencing services:

- 1. Operator Assisted Conferencing Calling
- 2. 800 Meet Me
- 3. Local Meet Me

B. New Customer Discount: New Customers who have never used COMPANY's Audio Teleconferencing service will receive a fifty (50) percent discount off of their first thirty (30) days of usage.

C. Rates:

- (1). Operator Assisted Conferencing Calling ("OACC")  
Bridging Cost\*, per bridged minute                      \$0.43
- (2). 800 Meet Me Conferencing  
Bridging Cost\*, per bridged minute                      \$0.44
- (3). Local Meet Me Conferencing  
Bridging Cost\*, per bridged minute                      \$0.28

ISSUED: April 11, 2001

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**1. **AUDIO TELECONFERENCING (Cont'd)**D. Volume Discount: Discount is based on total Audio Conferencing charges.Retroactive Discount

Total Monthly Usage Charges	Percent Discount
\$0.00 - \$500	0%
\$500.01 - \$1,000	4%
\$1,000.01 - \$2,500	8%
\$2,500.01 - \$5,000	12%
\$5,000.01 - \$10,000	16%
\$10,000.01 - \$15,000	18%
\$15,000.01 - \$20,000	20%
\$20,000.01 - \$25,000	22%
\$25,000.01 - +	24%

\* The Bridging Cost includes the rate associated with the long distance call.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)2. ENHANCED 800/888/877 FEATURES

A. General Description: Enhanced 800/888/877 Features are selected add on enhancements to all of COMPANY's 800 Services: The following enhancements are available:

- (1). Time of Day Routing: Customer can accept incoming calls on alternate numbers based on time-of-day.
- (2). Day of Week Routing: Customer can accept incoming calls on alternate numbers based on day of week.
- (3). Holiday Routing: Customer can accept incoming calls on alternate numbers based on holiday.
- (4). Direct Terminal Overflow: Customer can forward incoming calls to predesignated local number if busy; (DAL customers only).
- (5). Tailored Call Coverage: Customer can block calls from one 800 origination. Calls may be blocked by area code, area code/exchange, LATA, state, or 10 digit ANI.
- (6). Dialed Number Identification: Customer can identify dialed number; (DAL customers only).
- (7). % Allocation Routing: Routes calls placed on an 800 number up to 8 different terminating locations based on whole number percentages that add up to 100%.
- (8). Alternative Routing: Customer can Activate Alternate Routing Plan.
- (9). Real Time ANI: Allows dedicated access customers to receive the ANI of the calling party if the call originates from an equal access end office.
- (10). Account Codes: Allows the customer to track usage of its 800 number back to specified user codes and/or to limit use of its 800 number to only those dialing authorized codes. Requires that additional digits be dialed after the regular 10-digit 800-number is dialed. Two types are available: verified and non-verified. With both types of codes, calls cannot be completed without entry of the specified codes. In addition, with the verified codes, calls are not completed until codes are verified for accuracy. As an option, Call Detail can be sorted by either verified or non-verified codes.
- (11). Geographical Routing: Allows the customer to arrange for calls to a single 800 service telephone number placed from different groups of originating locations to terminate to different locations. Originating locations may be identified using the NPA or by NPA/NXX\*.

\* TA Confidence and TA Simple-One Promise customers only (switched & dedicated).

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****1 ENHANCED 800/888/877 FEATURES (Cont'd)**

(12). 800 Directory Publication: Allows customers to publish their 800 number(s) in AT&T's 800 directory.

(13). Menu Routing: Plays prerecorded messages in a menu like fashion referring callers to other numbers, explaining service conditions, or other information that a Customer desires to provide to their callers. The call may either terminate after the message announcement, or proceed to a set of interactive voice responses that give additional menu options. These menu options may terminate to a final destination or prompts can be linked to another set of menu options. COMPANY supports two types of Menu Routing:

(a). Basic Menu Routing Plans: Basic Menu Routing will allow one voice announcement message to be followed by a menu of options. Customers may select up to four (4) menu options. These menu options will terminate to a ring-to number based on the menu option selected using the keypad on the telephone.

(b). Advanced Menu Routing Plans: Any plan that does not meet the Basic Menu Routing requirements as described above, will be considered an Advanced Menu Routing Plan. The limitations for Advanced Menu Routing are as follows: (1) no more than nine (9) Menu Options per set or grouping; and, (2) no more than four (4) menu levels.

(14). Quota Call Allocation - Round Robin: Distributes incoming calls to terminating addressed (TA's) or other feature(s) to a fixed number of calls per a designated unit of time (minutes or hours). A Customer will be able to distribute calls to several TA's based on the number of calls per unit of time. The unit of time versus the amount of calls can be adjusted based on what the user specifies, e.g., the number of calls per unit of measure.

B. Availability: Enhanced 800/888/877 Features are available individually or in any combination for both existing and new customers.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)2. ENHANCED 800/888/877 FEATURES (Cont'd)C. Rates: Rates include an installation charge and a monthly recurring charge.

## Monthly Recurring Charges

Tailored Call Coverage	\$0.00
Account Codes Verified	\$50 per block of 100
Account Codes Non-Verified	\$50 per 800 number
Geographical Routing	\$0.0005 per MOU*
Real Time ANI	\$350.00 per trunk group
Dial Number Identification Service (DNIS)	\$0.00
Directory Publication	\$5.00
All other features	\$75.00**
Menu Routing	\$0.05 per call
Quota Call Allocation	\$50.00

## Non-Recurring Charges

Tailored Call Coverage	\$25.00
Per option change to 800 number	\$25.00
Real Time ANI	\$300.00 per trunk group
Account Codes Installation charge	\$75.00
Account Codes Change charge	\$75.00
Dial Number Identification Service (DNIS)	\$500.00
Directory Publication	\$15.00
All other features	\$50.00***

\* The \$0.0005 rate per MOU is in addition to the monthly recurring and non-recurring charges.

\*\* Per arrangement (each feature chosen).

\*\*\* Per order (one or multiple features).

3. RESERVED

4. RESERVED

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)5. PERSONAL 800 SERVICE

A. General Description: Personal 800 is a switched nationwide 800 product that can be used by the customer anywhere in the domestic United States, Alaska and Hawaii. To use Personal 800, the customer will dial a designated 1-800-XXX-XXXX number (the same 800 number will be used by all subscribers). The customer will then enter their six digit authorization code (there will be no voice response requesting the customer to enter his/her authorization code). Once the six digit authorization code has been verified, the call will be completed.

B. Billing: Full minute

C. Availability: Personal 800 is available to both residential and small business customers. The service will only be sold to customers that have COMPANY as their long distance carrier on their billed-to telephone number.

D. Rates:

Rates Per Minute of Use	Rate
Day	\$0.22
Evening	\$0.19
Night/Weekend	\$0.19

E. Charges: Payphone Use Charge \$0.30

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**6. USA PLAN SERVICE

A. General Description: USA PLAN Service provides facilities to complete interLATA, intraLATA, and calls between any two points. Service is available on a full-time basis, twenty-four (24) hours a day, seven (7) days a week.

B. Billing: Full minute

C. Time Periods:

Mon, Tue, Wed, Thu, Fri, Sat, Sun	8:00am to 5:00pm*	Day
Mon, Tue, Wed, Thu, Fri, Sat, Sun	5:00pm to 11:00pm*	Evening
Mon, Tue, Wed, Thu, Fri, Sat, Sun	11:00pm to 8:00am*	Night/Weekend

\* Up to but not including, the times shown.

The evening rate applies to the following Holidays unless a lower rate would normally apply: Christmas Day, New Year's Day, July 4th, Labor Day and Thanksgiving, Memorial Day, Veteran's Day, Martin Luther King Day, President's Day, and Columbus Day.

D. Recurring Rates

DAY		
	Initial Period	Additional Increment
All Mileage	\$0.1900	\$0.1900
EVENING		
	Initial Period	Additional Increment
All Mileage	\$0.1300	\$0.1300
NIGHT/WEEKEND		
	Initial Period	Additional Increment
All Mileage	\$0.1000	\$0.1000

E. Nonrecurring Charges

	Per Circuit	Per Order
Administrative Charge	\$0.00	\$0.00
Service Conversion	\$0.00	\$0.00
Billing Record Charge	\$0.00	\$0.00

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****7. GLOBAL-CARD CALLING CARD**

A. General Description: Global-Card Calling Card allows customers to make domestic calls away from home anywhere in the United States. Additionally, the Global-Card provides International origination from over 50 countries worldwide. To initiate a Global-Card call, the customer dials a toll free number. When the call is acknowledged, the customer then inputs their card number and security code.

B. Billing: Six (6) second increments.

C. Time Periods:

Mon, Tue, Wed, Thu, Fri, Sat, Sun	8:00am to 5:00pm*	Day
Mon, Tue, Wed, Thu, Fri, Sat, Sun	5:00pm to 11:00pm*	Evening
Mon, Tue, Wed, Thu, Fri, Sat, Sun	11:00pm to 8:00am*	Night/Weekend

\* Up to but not including, the times shown.

D. Rates:

(1). There is a surcharge per call when utilizing the Global-Card Calling Card in addition to the charge in (2) below: \$0.25

(2). There is a charge per minute of use for the Global-Card calling card:

Day	Evening	Night/Weekend
\$0.25	\$0.18	\$0.18

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****8. GLOBAL-CARD + CALLING CARD**

A. General Description: Global-Card + Calling Card is designed for residential services. Global-Card + allows customers to make domestic and international call away from home anywhere in the United States.

To initiate a Global-Card + call, the customer dials a toll free 800 number. The voice response unit ("VRU") then instructs the customer to input the authorization code, which is the customer's billed to number plus four (4) digits. After the proper verification of the authorization code, the VRU guides the customer through the available options.

B. Billing: Full minute

C. Availability: Global-Card + is restricted to the following MTS 1+ services: USA PLAN and Radiance +.

D. Rates:

<b>Per Minute Rates</b>	
All Time Periods	\$0.49
<b>Surcharge</b>	
Per Call	\$0.99
Operator Surcharge Per Call	\$2.25
Payphone Use Charge	\$0.25

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****9. RADIANCE + SERVICE**

A. General Description: Radiance + ("Radiance") provides facilities to complete InterLATA, intraLATA calls between two (2) points. The customer will be assigned an authorization code that will authorize the use of Radiance by that customer. Service is available twenty-four (24) hours a day, seven (7) days a week.

Radiance rates are stated in terms of initial minutes and additional minutes.

B. Billing: Full minute.

C. Availability: Radiance is available to any customer. Additionally, casual callers who utilize COMPANY's service via 10XXX, will be billed Radiance rates.

D. Time Periods:

Monday thru Friday	8:00am to 4:59pm	Day Rate Period
Sunday thru Friday	5:00pm to 10:59pm	Evening Rate Period
Monday thru Friday	11:00pm to 7:59am	Night Weekend Period
Sunday	11:00pm to 4:59pm	
Saturday	All Day	

E. Rates:

## Per Minute Usage Rates

Day	Evening	Night/Weekend
\$0.20	\$0.20	\$0.20

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****10. CHOICE VIRTUAL NETWORK SERVICE (CVNS)**

A. General Description: Choice Virtual Network Service (CVNS) allows geographically dispersed companies with different usage volumes to combine their private networks with portions of the public switched network. With CVNS, users can create their own private network by utilizing the intelligence embedded in the COMPANY network.

B. Choice Virtual Network – FramePlus: FramePlus frame relay service is a public, fast-packet data network offering. Customers access Frame Plus at COMPANY's closest Points of Presence (POPs). Within the POP, COMPANY designs and installs Network Node connections on the FramePlus network. A Network Node is comprised of a Port Connection and Permanent Virtual Circuits (PVCs) that define the connections between customers' ports. COMPANY dynamically allocates capacity across these logically assigned PVCs, supporting multiple customer data networks. FramePlus supports a variety of simultaneous data applications over a single integrated facility. It is optimal for applications requiring transmission between multiple locations that need high speed connectivity with low latency or delay.

C. Billing: Six (6) second increments

D. Time Periods:

8:00 AM – 4:59 PM Monday through Friday	Peak
All other times	Non-Peak

E. Availability: CVNS is available on a nationwide basis for both switched and dedicated access.

F. Usage Rates:

Usage Rates (per minute of use)			
Switched Access		Dedicated Access	
Peak	\$0.1359	Peak	\$0.1250
Non-Peak	\$0.1083	Non-Peak	\$0.1050

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**10. CHOICE VIRTUAL NETWORK SERVICE (CVNS) (Cont'd)F. Discounts:

	<b>Month to Month</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>
\$25,000-\$49,999	5.00%	10.50%	14.40%	16.30%
\$50,000-\$99,999	13.50%	22.50%	25.40%	27.30%
\$100,000-\$149,999	18.00%	26.50%	29.40%	31.30%
\$150,000-\$249,999	19.50%	30.50%	33.40%	35.30%
\$250,000-\$349,999	22.00%	32.50%	35.40%	37.30%
\$350,000-\$499,999	22.25%	32.75%	35.65%	37.55%
\$500,000-plus	22.50%	33.00%	36.00%	38.00%

G. Enhanced 800/888/877 Features: The monthly recurring and non-recurring charges for Enhanced 800/888/877 apply. See Section 3, paragraph 2 for details.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)11. DEDICATED SERVICES

Generally: Dedicated services provide an analog or digital special access line going from a caller's own equipment directly to a long distance company's switch or POP. The line may go through the local exchange Central Office, but the local exchange carrier does not switch calls on this line. COMPANY offers the following dedicated access services:

A. PRIVATE LINE SERVICES

1. General Description: Voice Grade Service is offered in increments of one or more voice grade channels. Such voice grade systems may be utilized for voice service, data service, facsimile service, off-premise extension, foreign exchange, automatic ring down, tie line service(s) or any combination thereof, and may be interconnected with the facilities of other communication carriers and users for a customer's communication needs.

Analog Data Service provides dedicated service for interstate, intrastate, and InterLATA end to end communications between cities. This data is capable of full duplex (simultaneous two-way transmission) operation utilizing a four-wire voice grade circuit on a point-to-point basis.

B. TOUCH AMERICA DIRECT (DS-1) (DS-1, 1.544 MBPS) (T-1)

1. General Description: Touch America Direct, DS-1, 1.544 Mbps (also known as T-1 or Terrestrial Digital Service) is a high-speed digital communications service with a transmission rate of 1.544 million bits per second, or the equivalent of 24-voice channels transmitting at 64 thousand bits each per second.

C. Billing: Billing for COMPANY's Dedicated Services ("Private Line and T-1/DS-1 Services") will be done on a fixed and per mile basis.

D. Local Access: For customers who elect to have COMPANY bill them for Local Exchange Access Service, COMPANY will pass through the applicable rates set forth in the Local Exchange Carrier's tariff at the time service is provided to the customer. The customer will continue to be billed for local loops at the rate charged by the LEC at the time the customer received service, unless adjusted by COMPANY to reflect rate changes instituted by the LEC.

E. Availability: COMPANY's Dedicated Services (Private Line and T-1/DS-1 Services) are available to any customer and are only available on an intrastate basis when the customer has signed up for the interstate Private Line or T-1/DS-1 Service(s).

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)II. DEDICATED SERVICES (Cont'd)

F. Definitions – The following definitions are applicable to COMPANY's Dedicated Services:

*Basic Digital Service (BDS)*: A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications.

*Burst Information Rate (BIR)*: A short duration transmission that can relieve momentary congestion in the Local Area Network.

*Channel or Circuit*: A communications path between two or more points.

*Central Office Connection (COC) Charge*: A charge assessed on dedicated service customers on a non-recurring and monthly basis for the cost of connecting the customer's dedicated access line to the carrier's Central Office.

*Committed Information Rate (CIR)*: A rate assigned to each Private Virtual Circuit (PVC) by the TA FramePlus subscriber. CIRs represent the "guaranteed" transmission rates between two network ports. CIRs are available in 8 Kbps increments from Zero to 1024K.

*Dedicated Access Lines*: Dedicated Access lines used between the customer's premises and Company's Points-of-Presence for origination or termination of telecommunication traffic.

*Extended Digital Service (EDS)*: A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications. EDS is available in increments of 64 Kbps up to 512 Kbps for higher speed data applications.

*High Speed Digital Service (HDS) (Touch America Direct (DS3))*: A dedicated digital private line service that may be utilized to support voice frequency, data, video and facsimile applications. HDS transports full duplex digital signals over terrestrial facilities at the rate of 44.736 Mbps or the equivalency of 28 DS-1's or 672 DS-0's.

*Permanent Virtual Circuit (PVC)*: A logical connection between port connections. PVC's are defined on the basis of simplex (or asymmetrical) transmission, which allows the user to establish different data transmission rates in each direction.

*Terrestrial Digital Service (TDS)(Touch America Direct (DS1))*: A dedicated digital private line that may be utilized to support voice frequency, data, video and facsimile applications. TDS transports full duplex digital signals over terrestrial facilities at the rate of 1.544 Mbps or the equivalency of 24 DS-0's.

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****11. DEDICATED SERVICES (Cont'd)****G. Charges:****(1) Dedicated Leased Line Charges:**

	Fixed	Per Mile	COC MRC	COC NRC	Bridging
TA Basic Digital Service	\$225.00	\$0.29	\$50.00	\$150.00	\$17.00
Extended Digital Service 128	\$450.00	\$0.58	\$150.00	\$500.00	
Extended Digital Service 192	\$675.00	\$0.87	\$150.00	\$500.00	
Extended Digital Service 256	\$900.00	\$1.16	\$150.00	\$500.00	
Extended Digital Service 320	\$1,125.00	\$1.45	\$150.00	\$500.00	
Extended Digital Service 384	\$1,350.00	\$1.74	\$150.00	\$500.00	
Extended Digital Service 448	\$1,575.00	\$2.03	\$150.00	\$500.00	
Extended Digital Service 512	\$1,800.00	\$2.32	\$150.00	\$500.00	
Extended Digital Service 576+	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS1)	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS3)	\$16,000.00	\$42.00	\$500.00	\$2,700.00	

**(2) FramePlus Charges:**

Port Connection	Fixed Rate	Per DSO	Change	Install
Continental US	\$100	55	\$250	N/A
Authority NMS (per network)	\$1,000	N/A	\$500	\$2,000
ARC	\$250	N/A	\$250	\$250

**Permanent Virtual Circuits**

	CIR per 8K Simplex	BIR per 8K Simplex
Continental US	\$17.00	\$3.00

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**11. DEDICATED SERVICES (Cont'd)H. Discounts(1). Leased Line and FramePlus:

	MTM	1 Year	2 Year	3 Year
\$0 - 25,000	0%	0%	0%	0%
\$25,000 - 50,000	0%	10%	12%	15%
\$50,000 - 75,000	0%	12%	15%	18%
\$75,000 - 100,000	0%	15%	17%	20%
\$100,000 - 125,000	0%	16%	18%	21%
\$125,000 - 150,000	0%	17%	20%	23%
\$150,000 - 250,000	0%	19%	22%	25%
\$250,000 - 350,000	0%	20%	23%	26%
\$350,000 - 500,000	0%	21%	24%	27%
\$500,000 - Plus	0%	22%	25%	28%

(2). HSDS (High Speed Digital Services) - DS-3 IOC (Inter-Office Channel):

	MTM	1 Year	2 Year	3 Year
\$0 - 25,000	0%	0%	0%	0%
\$25,000 - 50,000	0%	15%	16%	17%
\$50,000 - 75,000	0%	17%	18%	19%
\$75,000 - 100,000	0%	18%	19%	20%
\$100,000 - 200,000	0%	19%	21%	22%
\$200,000 - 350,000	0%	21%	23%	24%
\$350,000 - 500,000	0%	25%	27%	28%
\$500,000+	0%	32%	35%	38%

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**

**13. CAMPUS TALK SWITCHED**

A. General Description: Campus Talk Switched is a calling card service, which provides long distance service via switched access, and will be marketed to various types of educational institutions, training facilities and/or housing entities that want to provide a long distance service to their residents and employees. Campus Talk Switched is designed for students 18 years or older that want the benefit of a calling card service.

B. Billing: Thirty (30) seconds initial minimum and one (1) second increments thereafter.

C. Time Periods:

Mon, Tue, Wed, Thu, Fri, Sat, Sun	8:00am to 5:00pm*	Day
Mon, Tue, Wed, Thu, Fri, Sat, Sun	5:00pm to 11:00pm*	Evening
Mon, Tue, Wed, Thu, Fri, Sat, Sun	11:00pm to 8:00am*	Night/Weekend

\* Up to but not including, the times shown.

D. Credit Limit: There will be a \$75 credit limit (no deposit based on possible credit check). Once the student exceeds \$75 they are prohibited from making additional 1+ calls until balance is less than \$75.

E. Rates: The rates are the same for calls made from within a customer's specified NPA. Also, there is a fee to reinstate services disconnected due to non-payment, abuse to or improper use of the service.

(1). Payphone Surcharge: \$0.25

(2). Calls made from within and outside school's NPA:

Day	Evening	Night/Weekend
\$0.22	\$0.10	\$0.10

(3). Reconnect Fee: \$5.00

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****14. CAMPUS TALK DEDICATED SERVICE**

A. General Description: Campus Talk Dedicated Service is a student billing service which will be marketed to various types of educational institutions, training facilities and/or housing entities that want to provide a long distance service to their residents. Campus Talk Dedicated Service provides long distance service to the all types of students that are 18 years or older. This service requires dedicated access to either the school's or training center's PBX or Centrex Site and will require the use of authorization codes.

Campus Talk Options provides the educational institution; training facility; and/or housing entity with the ability to select the end-user rate based on what is most appropriate for their particular environment.

B. Credit Limit: There will be a \$75 credit limit (no deposit based on possible credit check). Once the student exceeds \$75 they are prohibited from making additional calls until balance is less than \$75. Students will be notified that they have exceeded their credit limit via an automated recording on their phone. The recording will provide a toll free number to call COMPANY.

C. Billing: Initial thirty (30) second minimum and one (1) second increments thereafter.

D. Time Periods:

Mon, Tue, Wed, Thu, Fri, Sat, Sun	8:00am to 5:00pm*	Day
Mon, Tue, Wed, Thu, Fri, Sat, Sun	5:00pm to 11:00pm*	Evening
Mon, Tue, Wed, Thu, Fri, Sat, Sun	11:00pm to 8:00am*	Night/Weekend

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****14. CAMPUS TALK DEDICATED SERVICE (Cont'd)****E. Rates: Per Minute Rates for Intrastate**

Day Rates		
Rate Mileage	First Minute	Additional Minute
0-10	\$0.3000	\$0.1800
11-16	\$0.3800	\$0.2000
17-22	\$0.3900	\$0.2200
23-30	\$0.4300	\$0.2400
31-40	\$0.4500	\$0.2600
41-55	\$0.4800	\$0.2900
56-85	\$0.5100	\$0.3200
86-124	\$0.5300	\$0.3400
125-292	\$0.5400	\$0.3600
293+	\$0.5500	\$0.3800

Evening Rates		
Rate Mileage	First Minute	Additional Minute
0-10	\$0.2400	\$0.1440
11-16	\$0.3040	\$0.1600
17-22	\$0.3120	\$0.1760
23-30	\$0.3440	\$0.1920
31-40	\$0.3600	\$0.2080
41-55	\$0.3840	\$0.2320
56-85	\$0.4080	\$0.2560
86-124	\$0.4240	\$0.2720
125-292	\$0.4320	\$0.2880
293+	\$0.4400	\$0.3040

Night/Weekend Rates		
Rate Mileage	First Minute	Additional Minute
0-10	\$0.1800	\$0.1080
11-16	\$0.2280	\$0.1200
17-22	\$0.2340	\$0.1320
23-30	\$0.2580	\$0.1440
31-40	\$0.2700	\$0.1560
41-55	\$0.2880	\$0.1740
56-85	\$0.3060	\$0.1920
86-124	\$0.3180	\$0.2040
125-292	\$0.3240	\$0.2160
293+	\$0.3300	\$0.2280

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****14 CAMPUS TALK DEDICATED SERVICE (Cont'd)****F Campus Talk Options - Usage Rates**

## Option 1

Time Period	Per Minute Rate
8:00am to 2:59pm Monday - Friday	\$0.22
3:00pm to 8:59pm Monday - Friday	\$0.14
9:00pm to 7:59am Monday - Friday	\$0.10
All Day Saturday and Sunday	\$0.10

## Option 2

Time Period	Per Minute Rate
8:00am to 2:59pm Monday - Friday	\$0.22
3:00pm to 8:59pm Monday - Friday	\$0.19
9:00pm to 7:59am Monday - Friday	\$0.13
All Day Saturday and Sunday	\$0.13

## Option 3

Time Period	Per Minute Rate
8:00am to 2:59pm Monday - Friday	\$0.22
3:00pm to 8:59pm Monday - Friday	\$0.22
9:00pm to 7:59am Monday - Friday	\$0.12
All Day Saturday and Sunday	\$0.12

## Option 4

Time Period	Per Minute Rate
8:00am to 2:59pm Monday - Friday	\$0.22
3:00pm to 8:59pm Monday - Friday	\$0.20
9:00pm to 7:59am Monday - Friday	\$0.17
All Day Saturday and Sunday	\$0.17

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**SECTION 1 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****1A CAMPUS TALK DEDICATED SERVICE (Cont'd)****F. Campus Talk Options - Usage Rates (Cont'd)**

Option	Time Period	Per Minute Rate	MRC
5	All Time Periods	\$0.10	N/A
6	All Time Periods	\$0.10	N/A
7	All Time Periods	\$0.10	N/A
8	All Time Periods	\$0.10	N/A
9	All Time Periods	\$0.10	N/A
10	All Time Periods	\$0.13	N/A
11	All Time Periods	\$0.11	\$2.50

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**SECTION 1 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**

**1. TA CONFIDENCE**

**A. General Description:** TA Confidence is a multi-service product that includes inbound and outbound telecommunications services on a switched or dedicated basis, directory assistance, calling card service, Phone Usage service, Audio Teleconferencing, voice private line and high speed digital service.

**B. Terms and Conditions**

(1) **Term Plans:** Three term option plans: TA Confidence is available month-to-month and on 1-, 2-, and 3- year term contracts.

(2) **Early Termination Penalties**

(a) If customer fails to provide written notice of termination to COMPANY, the customer will be charged the applicable contract's Monthly Minimum for the remainder of the contract and all subsequent renewals until such written notice is received by COMPANY.

(b) If a customer provides COMPANY written notice terminating its service subsequent to the expiration of the Customer Satisfaction Guarantee, See Section 2, paragraph 38, the customer will be assessed the following termination penalty:

**1 Year Contract**

Early termination charges for customers who terminate service prior to expiration of their one (1) year term are calculated by taking the months remaining on the contract and multiplying by the monthly commitment level.

**2 Year Contract**

If the contract is in the first 12 months, the customer will be responsible to COMPANY for The remaining number of months of the first 12 months multiplied by the commitment level plus 35% of months remaining in the second 12 months.

If the customer is in their 2nd 12 months, the customer will be responsible to COMPANY for

The remaining number of months multiplied by the monthly commitment

Effective April 11, 2001  
Revised by

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)1A. TA CONFIDENCE (Cont'd)B. Terms and Conditions (Cont'd)(2). Early Termination Penalties3 Year Contracts

If the contract is in the first 24 months, the customer will be responsible to COMPANY for:

The remaining number of months of the first 24 months multiplied by the commitment level plus 35% of months remaining in the last 12 months.

If the customer is in their 3rd 12 months, the customer will be responsible to COMPANY for:

The remaining number of months multiplied by the monthly commitment.

(3). Minimum Usage Requirements: There is a minimum monthly usage commitment per month (Monthly Commitment). COMPANY will count Customer's total TA Confidence usage set forth in the customers term commitment; less taxes, monthly recurring charges (MRCs), Audio Teleconferencing, and non-recurring charges (NRCs) to determine whether a customer satisfies the Monthly Commitment requirement designated. Minimum monthly usage will be based on total usage before discounts and promotions. If, during any month of the customer's term commitment for TA Confidence, usage falls below the customer's Monthly Commitment, the customer shall pay the actual amount billed for that service plus the difference between that amount and the customer's Monthly usage commitment. Customers are required to meet their monthly minimum commitments beginning on their fourth invoice.

(4). Contract Renewal: Upon expiration of the initial term and subsequent renewal term(s), the customer's agreement will automatically renew for a like period, unless either party notifies the other in writing of its intention not to renew 30 days before the end of the agreed term. The automatic renewal will be for the same contract length and the current tariff rates in effect at the time of such renewal associated with the term and volume of the original contract.

Either Customer or COMPANY may terminate an Agreement at the end of the initial term or renewal term by providing not less than thirty (30) days written notice. If no written notification is submitted to COMPANY's Billing Department not less than thirty (30) days prior to expiration of an Agreement and COMPANY has not given notice of termination to Customer, the Agreement shall automatically renew at the same Monthly Commitment level and Term and at the tariffed rates in effect at the time of such renewal.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)15. TA CONFIDENCE (Cont'd)B. Terms and Conditions(4). Guarantees:

(a). Rate Guarantee: In consideration of customer's commitment to use COMPANY's TA Confidence service, COMPANY agrees to provide switched services for the duration of the Agreement at the tariffed rates in effect at the time the Agreement is executed by customer; provided, however, that if the tariffed rates for switched services used by customer decrease during the term of the Agreement, such rate decreases will be passed through to customer. Customer's switched services will not be subject to any rate increases during the term of the Agreement. COMPANY also agrees to provide private line services ordered or installed at the time the Agreement is executed by customer; provided, however, that if the rates for private line services decrease during the term of the Agreement, such rate decreases will be passed through to the specific private line circuits used by customer. Customer's private line circuits installed prior to any rate increase will not be subject to the rate.

(b). Private Line and Frame Relay Guarantee: All subsequent dedicated leased lines and/or frame relay ports and permanent virtual circuits (PVCs) that are ordered and installed under an existing TA Confidence agreement will be rated at the rates which were in effect at the time the initial contract was executed. All circuits and/or frame relay ports are guaranteed for the length of the term contract. Month-to-month circuits and/or frame relay ports will be subject to rate increases as these increases are implemented. Locations and services can be added/deleted/changed throughout the term and still be covered under the original package.

(5). Volume Discounts: Volume discounts apply where specifically indicated.

C. Billing: Billing will be done in initial six (6) seconds and additional one (1) second increments. All minutes of use will be rounded up to the next increment (All rates are quoted in full minutes).

D. Time Periods

8:00 AM – 4:59 PM Monday through Friday	Peak
All other times, including Holidays	Non-Peak

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

15. TA CONFIDENCE (Cont'd)

E. Products, Rates and Charges:

(1) TA CONFIDENCE Switched Outbound and Inbound 1+ Long Distance:

(a) Outbound

InterLATA		Peak	\$0.1715
InterLATA		Off-Peak	\$0.1715
IntraLATA	Option 1	Peak	\$0.1715
		Off-Peak	\$0.1715
Option 2	Monthly Subscription Fee	Peak	\$20.00
		Off-Peak	\$0.1715
InterLATA	Option 1	Peak	\$0.1715
		Off-Peak	\$0.1715
InterLATA	Option 2	Peak	\$0.1715
		Off-Peak	\$0.1715

(b) Inbound

InterLATA		Peak	\$0.1715
InterLATA		Off-Peak	\$0.1715
IntraLATA	Option 1	Peak	\$0.1715
		Off-Peak	\$0.1715
Option 2	Monthly Subscription Fee	Peak	\$20.00
		Off-Peak	\$0.1715
Directory Assistance		Peak	\$0.1715
		Off-Peak	\$0.1715
Intrastate - All calls			\$0.65 per call

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****15. TA CONFIDENCE (Cont'd)****E. Products, Rates and Charges (Cont'd):****(2). TA CONFIDENCE Dedicated Long Distance Service:****(a). Outbound**

<b>InterLATA</b>		Peak	\$0.1120
		Off-Peak	\$0.1120
<b>IntraLATA</b>			
Option 1		Peak	\$0.1120
		Off-Peak	\$0.1120
Option 2	Monthly Subscription Fee		\$20.00
		Peak	\$0.1120
		Off-Peak	\$0.1120

**(b). Inbound**

<b>InterLATA</b>		Peak	\$0.1120
		Off-Peak	\$0.1120
<b>IntraLATA</b>			
Option 1		Peak	\$0.1120
		Off-Peak	\$0.1120
Option 2	Monthly Subscription Fee		\$20.00
		Peak	\$0.1120
		Off-Peak	\$0.1120
<b>Directory Assistance</b>			
	Intrastate All Calls		\$0.65 per call

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**15. TA CONFIDENCE (Cont'd)E. Products, Rates and Charges (Cont'd):(3). TA CONFIDENCE Global-Card Travel Card Service

Card	
Peak	\$0.198
Off-Peak	\$0.198
Surcharge per call	\$0.50
Operator Surcharge per call	\$2.25

(4). TA CONFIDENCE Frame Plus Frame Relay:

(a). Description: FramePlus frame relay service is a public, fast-packet data network offering. Customers access Frame Plus at COMPANY's closest Points of Presence (POPs). Within the POP, COMPANY designs and installs Network Node connections on the FramePlus network. A Network Node is comprised of a Port Connection and Permanent Virtual Circuits (PVCs) that define the connections between customers' ports. COMPANY dynamically allocates capacity across these logically assigned PVCs, supporting multiple customer data networks.

FramePlus supports a variety of simultaneous data applications over a single integrated facility. It is optimal for applications requiring transmission between multiple locations that need high speed connectivity with low latency or delay.

(b). TA CONFIDENCE FramePlus Rates:

Port Connection	Fixed Rate	Per DSO	Change	Install
Intrastate	\$106	\$58	\$250	N/A
Authority NMS (per network)	\$1,000	N/A	\$500	\$2,000
ARC	\$250	N/A	\$250	\$250

## Permanent Virtual Circuits

	CIR per 8K Simplex	BIR per 8K Simplex
Intrastate	\$18.00	\$3.00

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**15. TA CONFIDENCE (Cont'd)E. Products, Rates and Charges (Cont'd):(5). TA CONFIDENCE Private Line Service:

## (a). DS-0

<b>Analog/Voice Grade</b>	
Central Office Coordination	\$36.00 per channel
Bridging Charge	\$17.00 per bridgepoint
<b>Digital Access Cross</b>	
Connects Charge (DACs)	\$15.00 per channel

## (b). DDS/BDS – Basic Digital Service

<b>Analog/Voice Grade</b>	
Central Office Coordination	\$90.00 per channel
Bridging Charge	\$25.00 per bridgepoint
<b>Digital Access Cross</b>	
Connects Charge (DACs)	\$15.00 per channel

## (c). DS-1

Central Office Coordination	\$120.00 per channel
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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**15. TA CONFIDENCE (Cont'd)E. Products, Rates and Charges (Cont'd)(6). TA CONFIDENCE Dedicated Services: See Section 3, paragraph 11 for details.

(a). Rates and Charges:

	Fixed	Per Mile	COC MRC	COC NRC	Bridging
TA Basic Digital Service	\$225.00	\$0.29	\$50.00	\$150.00	\$17.00
Extended Digital Service 128	\$450.00	\$0.58	\$150.00	\$500.00	
Extended Digital Service 192	\$675.00	\$0.87	\$150.00	\$500.00	
Extended Digital Service 256	\$900.00	\$1.16	\$150.00	\$500.00	
Extended Digital Service 320	\$1,125.00	\$1.45	\$150.00	\$500.00	
Extended Digital Service 384	\$1,350.00	\$1.74	\$150.00	\$500.00	
Extended Digital Service 448	\$1,575.00	\$2.03	\$150.00	\$500.00	
Extended Digital Service 512	\$1,800.00	\$2.32	\$150.00	\$500.00	
Extended Digital Service 576+	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS1)	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS3)	\$16,000.00	\$42.00	\$500.00	\$2,700.00	

(b). Dedicated Local Loops: Tariffed LEC local loop rates will be passed on to the customer.(7). TA CONFIDENCE Audio Teleconferencing:

(a). Base Rates:

Meet Me	\$0.28
800 Meet Me	\$0.44
Operator Assisted	\$0.43

(8). Enhanced 800/888/877 Features: The monthly recurring and non-recurring charges for Enhanced 800/888/877, discussed in Section 3, paragraph 2, apply.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**15. **TA CONFIDENCE (Cont'd)**

## F. Discounts:

(1). Discounts available to TA CONFIDENCE Audio Conferencing Usage: Only Audio Conferencing contributes to these volume levels and only Audio Conferencing receives these discounts.

Volume Level	Volume Discount	Volume Level	Volume Discount
\$0-499.99	0%	\$ 20000 - \$ 24999.99	22%
\$500 - 999.99	4%	\$ 25000 - \$ 49999.99	24%
\$1000 - 2499.99	8%	\$ 50000 - \$ 74999.99	31%
\$2500 - 4999.99	12%	\$ 75000 - \$ 99999.99	45%
\$5000 - 9999.99	16%	\$100000 - \$149999.99	47%
\$10000 - 14999.99	18%	\$150000 - Plus	49%
\$15000 - 19999.99	20%		

(2). Discounts Applicable to Leased Line and FramePlus Frame Relay:

TA Confidence Monthly Volume Discount Level	1 YEAR	2 YEAR	3 YEAR
\$0-\$9,999.99	0%	0%	0%
\$10,000.00-\$14,999.99	10%	11%	12%
\$15,000.00-\$19,999.99	11%	12%	13%
\$20,000.00-\$29,999.99	15%	17%	19%
\$30,000.00-\$39,999.99	16%	18%	20%
\$40,000.00-\$49,999.99	17%	19%	21%
\$50,000.00-\$74,999.99	18%	20%	22%
\$75,000.00-\$99,999.99	19%	21%	23%
\$100,000.00-\$149,999.99	20%	22%	24%
\$150,000.00- PLUS	21%	23%	25%

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)15. TA CONFIDENCE (Cont'd)

## F. Discounts:

(3). TA CONFIDENCE Package Discounts: The following services contribute to the monthly volume level and receive the associated volume discount based on the term agreement: Domestic Outbound/ Inbound, International inbound/outbound, Port and PVC charges on FramePlus, Dedicated Services (IXC & COC only), Canadian Inbound/Outbound, Domestic Global-Card, Directory Assistance, Domestic TA Multi-Fax (NOTE: Global-Card Surcharge is also discounted).

Monthly Volume Discount Level	1 YEAR	2 YEAR	3 YEAR
\$0-\$9,999.99	0%	0%	0%
\$10,000.00-\$14,999.99	10%	11%	12%
\$15,000.00-\$19,999.99	11%	12%	13%
\$20,000.00-\$29,999.99	15%	17%	19%
\$30,000.00-\$39,999.99	16%	18%	20%
\$40,000.00-\$49,999.99	17%	19%	21%
\$50,000.00-\$74,999.99	18%	20%	22%
\$75,000.00-\$99,999.99	19%	21%	23%
\$100,000.00-\$149,999.99	20%	22%	24%
\$150,000.00- PLUS	21%	23%	25%

G. Monthly Recurring Charges

- (1). Standard Service: There is a subscription fee of \$25.00 for all TA Confidence accounts billing less than \$100.00 per month.
- (2). WATS Access Line (WAL): Per WAL \$40.00
- (3). Dedicated Local Loops: Tariffed LEC local loop rates will be passed on to the customer.
- (4). Port Access Charge: Per active voice channel, per month; \$6.00 (DS-1 only).

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)15. TA CONFIDENCE (Cont'd)

H. Payphone Use Charge: A charge will apply to calls that originate from any payphone used to access COMPANY services. This charge, which is in addition to standard tariffed usage charges and any applicable surcharges associated with COMPANY service, applies for the use of the instrument used to access COMPANY service and is unrelated to the COMPANY service accessed from the payphone. Customers will be charged the payphone use charge for each call which is placed from payphones with the exception of: (i) calls placed by inserting coins during the progress of the call; (ii) calls using Telecommunications Relay service; or, (iii) calls originated by customers with qualified hearing or speech impairments who are certified.

- (1). Payphone Use Charge: \$0.30

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)16. TA PURELY BUSINESS

A. General Description: TA Purely Business is a service line consisting of switched outbound, switched inbound and card services. The services have flat rates, which are based on term and minimum usage commitments. TA Purely Business is intended for the small business segment billing a total of \$100 to \$2,500 in telecommunications services monthly. This service works well with both single locations and multiple location businesses.

(1). Option D: There is no minimum monthly usage commitment for customers receiving service under month-to-month plans. There is a minimum monthly usage commitment of \$35 for customers receiving service under term plans. If the customer's invoiced usage charges are less than the required minimum monthly usage commitment, the customer will be billed and required to pay a short fall charge equal to the difference between the monthly commitment and the actual amount billed. This short fall charge will be applied beginning with the customer's first full month's invoice.

(2). TA Enterprise: There is no minimum monthly usage commitment for customers receiving service under month-to-month plans. There is a minimum monthly usage commitment of \$25 for customers receiving service under term plans. If the customer's invoiced usage charges are less than the required minimum monthly usage commitment, the customer will be billed and required to pay a short fall charge equal to the difference between the monthly commitment and the actual amount billed. This short fall charge will be applied beginning with the customer's first full month's invoice.

B. Billing/Rounding: Intrastate rates are quoted in full minutes. Call rounding is thirty (30) second initial and one (1) second incremental. Call duration is calculated on a per call basis rounding up to the full increment. Call rating is on a bulk basis (all call duration totaled and then rated). Total is rounded to the nearest full cent.

(1). Global-Card Billing: The Global-Card is billed in initial thirty (30) seconds, then in six (6) second additional increments.

C. Time Periods:

8:00 AM – 4:59 PM Monday through Friday	Peak
All other times	Non-Peak

D. Terms and Agreements: TA Purely Business is available in month to month, twelve (12) and twenty-four (24) month term plans.

ISSUED: April 11, 2001

Issued by:

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

16. TA PURELY BUSINESS (Cont'd)

E. Renewals: Upon expiration of the initial term and subsequent renewal term(s), the Customer's Agreement will automatically renew for a like period, unless either party notifies the other in writing of its intention not to renew 30 days before the end of the agreed term. The automatic renewal will be for the same length and at the current tariffed rates in effect at the time of such renewal associated with the term and volume of the original Agreement.

F. Early Termination Charges

(1). COMPANY will allow a customer to terminate its TA Purely Business Option D term Agreement prior to its expiration date provided the Customer is converting to another COMPANY product with equal or greater term and volume commitment levels.

(2). If a Customer terminates their service without cause prior to the expiration date of their term Agreement, the Customer will be billed and required to pay the minimum monthly usage charge for the remainder of the term Agreement.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**16. **TA PURELY BUSINESS (Cont'd)**G. **Rates and Charges:**(1). **Monthly Recurring Charges**(a). **Outbound and Inbound Usage Rates:**

## (i).

Option D		
	Monthly	Term
InterLATA	\$0.1560	\$0.1420
IntraLATA	\$0.1560	\$0.1420

## (ii).

TA Enterprise		
	Monthly	12 Month
All time periods	\$0.115	\$0.110

(b). **Global-Card Travel Card:**

Option D and TA Enterprise		
All time periods		\$0.30
Surcharge per call		\$0.00
Operator surcharge per call		\$2.25
Payphone Use Charge		\$0.30

(c). **Inbound 800 Numbers:**

Option D and TA Enterprise	
First toll free number	\$0.00
Each add'l toll free number (for up to a maximum of seven)	\$5.00

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)17. TA SIMPLE-ONE PROMISE

A. General Description: TA Simple-One Promise is a voice and data service offering flat rated inbound, outbound, international, Global-Card, private line and frame relay products. TA Simple-One Promise is designed for new businesses with monthly revenue between \$200 and \$25,000. It is available on a month-to-month basis or a term contract (1 or 2 year). The terms have seven interstate commitment levels (\$200, \$750, \$2,500, \$4,000, \$7,000, \$12,000, and \$20,000). TA Simple-One Promise is available in two Options – Option 1 has no monthly fee and Option 2 has a monthly fee.

B. TA Simple-One Promise – FramePlus: FramePlus frame relay service is a public, fast-packet data network offering. Customers access Frame Plus at COMPANY's closest Points of Presence (POPs). Within the POP, COMPANY designs and installs Network Node connections on the FramePlus network. A Network Node is comprised of a Port Connection and Permanent Virtual Circuits (PVCs) that define the connections between customer's ports. COMPANY dynamically allocates capacity across these logically assigned PVCs, supporting multiple customer data networks. FramePlus supports a variety of simultaneous data applications over a single integrated facility. It is optimal for applications requiring transmission between multiple locations that need high speed connectivity with low latency or delay.

C. Billing and Rounding: Rates are quoted in full minutes. Call rounding is six (6) second initial and one (1) second incremental.

D. Key Features

Guaranteed Rates  
Flat rate pricing  
Switched and dedicated, outbound and inbound access  
Data offerings including private line and frame relay  
No surcharge, flat rated Global-Card

E. Minimums: There is a minimum monthly usage commitment per month ("Monthly Commitment"). The Customer's minimum monthly commitment will be based upon the Customer's monthly combined gross domestic and international usage and surcharges (not including taxes, any non-recurring, and monthly recurring or directory assistance charges). If, at the end of the fourth billing cycle, a customer has not met the minimum monthly commitment, the Customer must pay the difference between the actual eligible volume and its monthly volume commitment.

F. Availability: This service is only offered when customers sign up for TA Simple-One Promise at the interstate level.

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)17. TA SIMPLE-ONE PROMISE (Cont'd)G. Rate Guarantees

(1). Switched and Dedicated: In return for the Customer's volume and term commitment, COMPANY will provide TA Simple-One Promise switched and dedicated services for the duration of the customer's term at the tariffed rates in effect at the time the customer's agreement is executed by Customer. If the tariffed rates for switched and/or dedicated services used by Customer decrease during the customer's term, such rate decreases will be passed through to Customer. Customer's TA Simple-One Promise switched and dedicated services will not, during the initial Term, exceed the rates in effect at the time the agreement is executed by Customer.

(2). Private Line and Frame Relay: All subsequent dedicated leased lines and/or frame relay ports and permanent virtual circuits (PVCs) that are ordered and installed under an existing TA Simple-One Promise agreement will be rated at the rates which were in effect at the time the initial contract was executed. All circuits and/or frame relay ports are guaranteed for the length of the term contract. Month-to-month circuits and/or frame relay ports will be subject to rate increases as these increases are implemented. Locations and services can be added/deleted/changed throughout the term and still be covered under the original package.

H. Renewals: Upon expiration of the initial term and subsequent renewal term(s), the customer's agreement will automatically renew for a like period, unless either party notifies the other in writing of its intention not to renew 30 days before the end of the agreed term. The automatic renewal will be for the same contract length and the current tariff rates associated with the term and volume of the original contract.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**17. TA SIMPLE-ONE PROMISE (Cont'd)

I. Early Termination Charges: Either Customer or COMPANY may terminate an Agreement at the end of the initial Term by providing not less than thirty (30) days written notice. If no written notification is submitted to COMPANY's Billing Department not less than thirty (30) days prior to expiration of an Agreement and COMPANY has not given notice of termination to Customer, the Agreement shall automatically renew at the same Monthly Commitment level and Term and at the tariffed rates in effect at the time of such renewal.

If Customer commits to a one (1) year Term and terminates this Agreement prior to the expiration of the Term, Customer agrees to pay an early termination charge equal to one hundred percent (100%) of the Monthly Commitment times the number of months remaining in the unexpired Term of this Agreement. If Customer commits to a two (2) year Term and terminates this Agreement prior to the expiration of the Term, Customer agrees to pay an early termination charge equal to one hundred percent (100%) of the Monthly Commitment times the number of months remaining in the first year of the Term PLUS thirty-five percent (35%) of the Monthly Commitment for each month (i.e., 12) of the second year of the Term of this Agreement. If Customer commits to a two (2) year Term and terminates this Agreement after the first year of the Term but prior to the expiration of the second year, Customer agrees to pay an early termination charge equal to one hundred percent (100%) of the Monthly Commitment times the number of months remaining in the unexpired Term of this Agreement. The foregoing early termination charges shall not apply in instances where Customer terminates this Agreement by converting to a new TA Simple-One Promise commitment that is equal to or greater than its current term and Monthly Commitment.

If Customer disconnects any or all of its TA Simple-One Promise Service, Customer is responsible for contacting its local exchange carrier to cancel its dedicated circuits and to notify COMPANY in writing within thirty (30) days of such cancellation.

J. TA Simple-One Promise Domestic Global-Card: A flat rated card, with no surcharge, 1-800-860-4444 access number, voice prompting, speed dialing and customer defined BTN+4. Rates are quoted in full minutes. Call rounding is sixty (60) second initial and six (6) second incremental.

K. Time Periods:

8:00 AM – 4:59 PM Monday through Friday	Peak
All other times	Non-Peak

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**17. TA SIMPLE-ONE PROMISE (Cont'd)L. TA Simple-One Promise Rates:

Option 1				
	Switched		Dedicated	
	MTM	Term*	MTM	Term
InterLATA	\$0.159	\$0.143	\$0.112	\$0.099
IntraLATA	\$0.159	\$0.143	\$0.112	\$0.099
Option 2				
Monthly Subscription Fee				\$20.00
	Switched		Dedicated	
	MTM	Term*	MTM	Term
InterLATA	\$0.159	\$0.143	\$0.112	\$0.099
IntraLATA	\$0.159	\$0.143	\$0.112	\$0.099

M. TA Simple-One Promise Domestic Global-Card Rates:

## All Time Periods

Flat Rate	\$0.25
Operator Surcharge per call	\$2.25
Payphone Use Charge	\$0.30

\* Term (1 or 2 year contracts)

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**17. TA SIMPLE-ONE PROMISE (Cont'd)

N. TA Simple-One Promise Data Services: See Section 3, paragraph 11 for details and definitions.

(1). TA Simple-One Promise Dedicated Service Rates:

	Fixed	Per Mile	COC MRC	COC NRC	Bridging
TA Basic Digital Service	\$225.00	\$0.29	\$50.00	\$150.00	\$17.00
Extended Digital Service 128	\$450.00	\$0.58	\$150.00	\$500.00	
Extended Digital Service 192	\$675.00	\$0.87	\$150.00	\$500.00	
Extended Digital Service 256	\$900.00	\$1.16	\$150.00	\$500.00	
Extended Digital Service 320	\$1,125.00	\$1.45	\$150.00	\$500.00	
Extended Digital Service 384	\$1,350.00	\$1.74	\$150.00	\$500.00	
Extended Digital Service 448	\$1,575.00	\$2.03	\$150.00	\$500.00	
Extended Digital Service 512	\$1,800.00	\$2.32	\$150.00	\$500.00	
Extended Digital Service 576+	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS1)	\$1,900.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS3)	\$16,000.00	\$42.00	\$500.00	\$2,700.00	

O. TA Simple-One Promise – FramePlus Rates:

Port Connection	Fixed Rate	Per DSO	Change	Install
Intrastate	\$100	\$55	\$250	N/A
Authority NMS (per network)	\$1,000	N/A	\$500	\$2,000
ARC	\$250	N/A	\$250	\$250

## Permanent Virtual Circuits

	CIR per 8K Simplex	BIR per 8K Simplex
Intrastate	\$17.00	\$3.00

P. Discounts: Monthly Discounts (Applies to total fixed, DS0, CIR, and BIR)

Volume Level	1 Year	2 Year	Volume Level	1 Year	2 Year
\$200	2%	3%	\$7,000	7%	9%
\$750	3%	4%	\$12,000	8%	10%
\$2,500	4%	5%	\$20,000	10%	12%
\$4,000	6%	8%			

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)18. TA PROMISE

A. Description: TA PROMISE is a voice and data service offering flat rates based on term and minimum usage commitments. TA PROMISE is designed for new businesses with a monthly revenue between \$100 to \$100,000. It is available on a month-to-month basis, one year, two year, or three year term commitment and the terms have thirteen (13) commitment levels.

B. Billing and Rounding: Rates are quoted in full minutes. Call rounding is six (6) second initial and one (1) second incremental.

C. Minimum Monthly Usage: There is a minimum monthly usage commitment per month (Monthly Commitment) for all Customers. COMPANY will count the Customer's total TA PROMISE service usage set forth in the Customer's term commitment; less taxes, monthly recurring charges, and non-recurring charges to determine whether a customer satisfies the Monthly Commitment requirement. If, during any month the Customer's invoiced usage charges are less than the required Monthly Commitment, the Customer will be billed and required to pay the difference between the Monthly Commitment and the actual amount billed. For Month-to-Month Customers, this requirement will be applied beginning with the Customer's first full month's invoice. For those Customers who sign a one, two, or three year term commitment, this requirement will be applied with their fourth full month's invoice.

E. Automatic Renewals: The Customer or COMPANY may terminate the term commitment at the end of the initial term by providing not less than thirty (30) days written notice. If written notification is not submitted to COMPANY at least thirty (30) days prior to the expiration of the term commitment, and COMPANY has not given notice of termination to the Customer, this term commitment shall automatically renew based on the same terms and conditions, at the same monthly commitment level and initial term, and at the tariffed rates in effect at the time of such renewal.

F. Term Commitments: TA PROMISE is available month-to-month and in 1-, 2-, and 3-year term contracts.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**

18. TA PROMISE (Cont'd)

G. Early Termination Charges: Customers who terminate their term commitment prior to the expiration date and do not provide written notification to COMPANY, will be billed and required to pay termination charges equal to the number of months remaining in the term multiplied by the monthly commitment level.

Customers who terminate their term commitment prior to the expiration date and do provide written notification to COMPANY, will be responsible for the following charges, payable upon receipt:

(1). 1 Year Contract - Early termination charges for Customers who terminate service prior to the expiration of their one (1) year term are calculated by taking the months remaining on the contract and multiplying by the monthly commitment level.

(2). 2 Year Contract -

+ If the contract is in the first 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months of the first 12 months multiplied by the commitment level plus 35% of months remaining in the second 12 months.

+ If the contract is in the 2nd 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months multiplied by the monthly commitment level.

(3). 3 Year Contract

+ If the contract is in the first 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months of the first 12 months multiplied by the commitment level plus 35% of months remaining in the second and third 12 months.

+ If the contract is in the second 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months of the second 12 months multiplied by the monthly commitment level plus 35% of months remaining in the third 12 months.

+ If the contract is in the third 12 months, the Customer will be responsible to COMPANY for:

The remaining number of months multiplied by the monthly commitment level.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

18. TA PROMISE (Cont'd)

H. Guarantees: TA PROMISE Customers are eligible to receive the following guarantees:

(1). Rate Guarantee: COMPANY guarantees that if tariffed usage rates increase or tariffed discounts decrease beyond the tariff in effect at the time the Customer begins a term commitment, these usage rate increases or discount decreases will not be passed on to the Customer during the length of the Customer's term. This guarantee does not apply to rate modifications instituted by COMPANY in response to the actions of any regulatory agency, legislative body or court of competent jurisdiction.

(2). Customer Satisfaction Guarantee: See Section 2, paragraph 38 for a detailed description of this guarantee.

(3). Toll Free Service Assurance Guarantee: See Section 2, paragraph 37 for a detailed description of this guarantee.

(4). Performance Guarantees:

(a). The following three performance guarantees are only available to those Customers who commit to a monthly volume level of \$7,000 or greater:

**1. Installation Guarantee** - COMPANY guarantees that it will install the Customer's TA PROMISE service, switched and/or dedicated, including frame relay, by the date promised to the Customer, or the Customer is entitled to receive a \$500 credit (if commitment level is between \$7,000 and \$20,000) or a \$1,000 credit (if commitment level is between \$35,000 and \$100,000). This credit will be applied on the Customer's subsequent month's invoice.

**2. Quarterly Account Review Guarantee** - COMPANY guarantees that the assigned COMPANY account team will review all new TA PROMISE Customer's accounts on a quarterly basis for the entire length of the Customer's term commitment.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**

18. TA PROMISE (Cont'd)

H. Guarantees (Cont'd)

(4). Performance Guarantees (Cont'd):

**3. Service Outage Resolution Guarantee** - COMPANY guarantees that it will restore any service outages the Customer may incur on their end-to-end TA PROMISE service within four (4) hours or less or the Customer is entitled to receive a \$500 credit (if commitment level is between \$7,000 and \$20,000) or a \$1,000 credit (if commitment level is between \$35,000 and \$100,000). This credit will be applied on the Customer's subsequent month's invoice. The Service Outage Resolution Guarantee shall not apply for the following reasons:

(i). Interruptions caused by the negligence of the Customer or others authorized by the customer to use the customer's service.

(ii). Interruptions due to failure of power, equipment, service, or systems not provided by COMPANY.

(iii). Interruptions during any period in which COMPANY or its agents are not afforded access to the premises where the access line is terminated.

(iv). During any period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis.

(v). Interruptions not immediately/promptly reported to COMPANY.

(vi). Interruptions during any period when the Customer or user has released service to COMPANY for maintenance or rearrangement purpose, or for the installation of a Customer service order.

(vii). *Force majeure* events beyond the reasonable control of COMPANY including, but not limited to, acts of God, government regulation, national emergency, failure of power, system failure, or service not supplied by COMPANY or the access provider.

(viii). Labor strikes.

ISSUED: April 11, 2001

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)H. Guarantees (Cont'd)(4). Performance Guarantees (Cont'd):

(b). The following three performance guarantees are available to all Customers regardless of monthly volume commitment levels:

**1. Network/Service Availability Guarantee:** COMPANY guarantees for all TA Basic Digital Service, Extended Digital Service, Touch America Direct (DS1), and Touch America Direct (DS3) circuits that it will provide an average of 99.9% Customer network availability and 99.85% end-to-end availability (when access is ordered by COMPANY on behalf of the Customer) per month for all TA PROMISE Customers or the Customer is entitled to receive a credit equal to 10% of the Customer's network port and PVC/CIR monthly recurring charges for that month. This credit will be applied on the Customer's subsequent month's invoice and shall be in lieu of any service interruption or outage credit(s) that Customer might have been entitled to receive as set forth in this tariff. This credit is applicable on a per account basis per month and is based on the average availability across all of Customer's circuits throughout the given month. This guarantee shall not apply to COMPANY Access Service or COMPANY Private Line Service.

Network availability is measured as the total number of minutes in a calendar month during which private line circuits are available to exchange data between two network end points, divided by the total number of minutes in a calendar month. For the purposes of this guarantee, a lapse in network availability is calculated commencing with the date on which the Customer informs COMPANY of service non-availability and ends on the date of service restoration. For purposes of this measurement, the private line circuit will be measured from Point of Presence to Point of Presence and will not include customer premise equipment or local access facilities.

No credit allowances will be made for:

- (i). Circuits provisioned within the last 30 days.
- (ii). Interruptions caused by the negligence of the Customer or others authorized by the customer to use the customer's service.
- (iii). Interruptions due to failure of power, equipment, service, or systems not provided by COMPANY.
- (iv). Interruptions during any period in which COMPANY or its agents are not afforded access to the premises where the access lines associated with the Customer's service are terminated.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)18. TA PROMISE (Cont'd)H. Guarantees (Cont'd)(4). Performance Guarantees (Cont'd):

(v). Interruptions during any period when the Customer or user has released service to COMPANY for maintenance or rearrangement purpose, or for the installation of a Customer service order.

(vi). Interruptions during any period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis.

(vii). *Force majeure* events beyond the reasonable control of COMPANY including, but not limited to, acts of God, government regulation, national emergency, failure of power, system failure, or service not supplied by COMPANY or the access provider.

(viii). Labor Strikes.

End-to-end availability is measured as the total number of minutes in a calendar month during which private line circuits are available to exchange data between two network end points, divided by the total number of minutes in a calendar month. For the purposes of this guarantee, a lapse in network availability is calculated commencing with the date on which the Customer informs COMPANY of service non-availability and ends on the date of service restoration. For purposes of this measure, the private line circuit will be measured from demarcation point to demarcation point, and will not include customer premise equipment.

Calculation: Monthly Network Availability Time (%) - 1 - [Total minutes of network non-availability per month / (Total number of private line circuits x days in month x 24 hours x 60 minutes)].

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)H. Guarantees (Cont'd)(4). Performance Guarantees (Cont'd):

**2. Frame Delivery:** COMPANY guarantees to achieve a Frame Delivery rate of 99.9% for CIR frames (end-to-end CIR packet delivery only applies to frame slot marked discard eligible). COMPANY guarantees to achieve a Frame Delivery rate of 99% for non-CIR frames. If COMPANY does not meet this guarantee, the Customer is entitled to a credit equal to 10% of the Customer's network port and PVC/CIR monthly recurring charges for that month.

Definition: Frame Delivery is the percentage of frames which are successfully delivered over the COMPANY network, excluding frames which are not delivered due in whole or in part to factors unrelated to the COMPANY network.

Calculation: Frame Delivery (Throughput) is measured as the percentage of frames presented to the COMPANY network by the Customer versus those which are successfully delivered by the COMPANY network. The percentage is based on Frame Delivery (Throughput) across the Customer's entire network, not on an individual location or PVC basis.

Exclusions: Frame Delivery (Throughput) measurements shall not include periods of non-availability resulting in whole or in part from one or more of the following causes:

(i). Any act or omission causing interruptions by negligence on the part of the customer, its contractors, any local access provider, or any other entity over which the customer exercises control or has the right to exercise control.

(ii). Interruptions during any period in which COMPANY or its agents are not afforded access to the premises where the access lines associated with the Customer's service are terminated.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

18. TA PROMIS (Cont'd)

H. Guarantees (Cont'd)

(4). Performance Guarantees (Cont'd):

(iii). Interruptions during any period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis.

(iv). Any circuits provisioned within the last 30 days.

(v). Scheduled maintenance interruptions and outages.

(vi). Labor strikes.

(viii). Frames dropped at infrastructure egress due to improper customer specifications of customer port speeds.

(vii). *Force majeure* events beyond the reasonable control of COMPANY including, but not limited to, acts of God, government regulation, national emergency, failure of power, system failure, or service not supplied by COMPANY or the access provider.

(ix). Interruptions due to failure of power, equipment, service, or systems not provided by COMPANY.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)H. Guarantees (Cont'd)(4). Performance Guarantees (Cont'd):

**3. Network Transit Delay:** COMPANY guarantees to achieve a one-way Network Transit Delay within the State of Washington for 100 byte frames at 35 milliseconds or less, 500 byte frames at 95 milliseconds or less, and 1,600 byte frames at 250 milliseconds or less (including protocol overhead). Network Transit Delay (Latency) measures only delay on the COMPANY network, external factors which may cause delay (e.g., access serialization, access link congestion) are excluded from the measurement. If COMPANY does not meet this guarantee, the Customer is entitled to a credit equal to 10% of the Customer's network port and PVC/CIR monthly recurring charges for that month.

Definition: Network Transit Delay (Latency) measures one-way delay between the origination and destination infrastructure ports. It is defined as the period of time commencing with transmission of the last bit of a packet from the origination infrastructure.

Exclusions: Network Transit Delay (Latency) measurements shall not include periods of non-availability resulting in whole or in part from one or more of the following causes:

- (i). Any act or omission causing interruptions by negligence on the part of the customer, its contractors, any local access provider, or any other entity over which the customer exercises control or has the right to exercise control.
- (ii). Interruptions during any period in which COMPANY or its agents are not afforded access to the premises where the access lines associated with the Customer's service are terminated.
- (iii). Interruptions during any period when the Customer elects not to release the service(s) for testing and/or repair and continues to use it on an impaired basis.
- (iv). Any circuits provisioned within the last 30 days.
- (v). Scheduled maintenance interruptions and outages.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)18. TA PROMISE (Cont'd)H. Guarantees (Cont'd)(4). Performance Guarantees (Cont'd):

(vi). Labor strikes.

(vii). *Force majeure* events beyond the reasonable control of COMPANY including, but not limited to, acts of God, government regulation, national emergency, failure of power, system failure, or service not supplied by COMPANY or the access provider.

(viii). During periods in which a major network component (e.g., backbone link or gateway switch) is not functioning and the network is in an emergency reroute configuration.

(ix). Interruptions due to failure of power, equipment, service, or systems not provided by COMPANY.

Credit Limitation: If the Customer experiences network or service performance for COMPANY FramePlus Frame Relay at levels below those stated herein for two or more elements (Network Availability, Frame Delivery, and Network Transit Delay) in the same month, the Customer is entitled to receive credits pursuant to one of the applicable credit sections only. In addition, COMPANY will not issue credits pursuant to the Service Level Guarantee for more than six months in any twelve month period.

Availability: Tariffed COMPANY FramePlus Frame Relay service elements may not be available at or between all service points.

I. Plus Program: If a term Customer's usage charges meet or exceed any other higher monthly commitment level, the Customer will be credited the difference between the rates at the level/term it committed to and the rates it would have received if it had committed to the next immediate commitment level with the same term length. The credit will be applied in the actual month in which the usage occurred. Month-to-Month Customers are not eligible for the Plus Program.

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Issued by:

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES18. TA PROMISE (Cont'd)J. Products/Services and Rates:(1). Switched Long Distance -

## (a). Group 1 - Commitment Levels of \$100, 250, \$500, and \$1,000

MTM	1 Year	2 Year	3 Year
\$0.125	\$0.110	\$0.108	\$0.106

## (b). Group 2 - Commitment Levels of \$2,000, \$4,000, \$7,000, and \$12,000

MTM	1 Year	2 Year	3 Year
\$0.125	\$0.107	\$0.105	\$0.103

## (c). Group 3 - Commitment Levels of \$20,000, \$35,000, \$50,000, \$75,000, and \$100,000

MTM	1 Year	2 Year	3 Year
\$0.125	\$0.105	\$0.102	\$0.100

(2). Dedicated Long Distance -

## (a). Group 1 - Commitment Levels of \$100, 250, \$500, and \$1,000

MTM	1 Year	2 Year	3 Year
\$0.084	\$0.080	\$0.078	\$0.076

## (b). Group 2 - Commitment Levels of \$2,000, \$4,000, \$7,000, and \$12,000

MTM	1 Year	2 Year	3 Year
\$0.084	\$0.078	\$0.076	\$0.074

## (c). Group 3 - Commitment Levels of \$20,000, \$35,000, \$50,000, \$75,000, and \$100,000

MTM	1 Year	2 Year	3 Year
\$0.084	\$0.076	\$0.074	\$0.072

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)J. Products/Services and Rates:

(3). TA PROMISE Global-Card: TA PROMISE Global-Card is a flat, per minute rated calling card service, with a per call surcharge. Rates are quoted in full minutes. Call rounding is six (6) second initial and six (6) second increments.

Rate: \$0.25  
Per Call Operator Surcharge \$2.25

(2). TA PROMISE Enhanced Toll Free Features: TA PROMISE offers Enhanced Toll Free Features for all TA PROMISE Customers. If the Customer signs a term commitment, the Customer is eligible to receive selected features at a packaged rate or the Customer can subscribe to features individually. See Section 3, paragraph 2 for details.

(a). Basic Features - Standard: Available to month-to-month and term customers:

Feature	Monthly Charge	Non Recurring And Change Charge
Extended Call Coverage	\$0.00	\$0.00
International Toll Free Service	\$0.00	\$0.00
Two-way DALs	\$0.00	\$0.00
Industry Toll Free Directory Assistance (per 800 number)	\$25.00	\$25.00
Industry Toll Free Directory Assistance Expedite (per toll Free number)	\$0.00	\$35.00
Project Accounting Codes (per blocks of 100/both Verified and non-verified, switched and dedicated)	\$15.00	\$15.00
Tailored Call Coverage (per 800 number)	\$0.00	\$50.00
Day of Year (Holiday) Routing (per 800 number)	\$0.00	\$50.00
Time of Day Routing (per 800 number)	\$50.00	\$50.00
Day of Week Routing (per 800 number)	\$50.00	\$50.00
Percent Allocation Routing (per 800 number)	\$50.00	\$50.00
Alternate Call Routing (per 800 number)	\$50.00	\$50.00
Geo Routing (per 800 number ) (\$0.0005 per MOU)	\$50.00	\$50.00
Direct Termination Overflow (per trunk group)	\$50.00	\$50.00
Real Time ANI (per trunk group)	\$0.00	\$350.00
DNIS (per trunk group)	\$0.00	\$350.00
Menu Routing – Per Call Surcharge	\$0.05/call	
Quota Call Allocation	\$50.00	\$50.00

ISSUED: April 11, 2001

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)J. Products/Services and Rates:(2). TA PROMISE - Enhanced Toll Free Features Rates:

## (b). Toll Free Feature Package - Available to term customers only:

Package includes the following features:

Time of Day Routing
Day of Week Routing
Day of Year (Holiday) Routing
Percentage Allocation Routing
Industry Toll Free Directory Assistance

## (c). Package Rates (for all features listed above)

Monthly Charge	\$100.00
Non-Recurring Charge	\$140.00
Payphone Use Charge	\$0.30

The first toll free number is free, each additional toll free number is \$5.00 per month, per toll free number.

(3). TA PROMISE – FramePlus: FramePlus frame relay service is a public, fast-packet data network offering. Customers access FramePlus at COMPANY's closest Points of Presence (POPs). Within the POP, COMPANY designs and installs Network Node connections on the FramePlus network. A Network Node is comprised of a Port Connection and Permanent Virtual Circuits (PVCs) that define the connections between customer's ports. COMPANY dynamically allocates capacity across these logically assigned PVCs, supporting multiple customer data networks.

FramePlus supports a variety of simultaneous data applications over a single integrated facility. It is optimal for applications requiring transmission between multiple locations that need high speed connectivity with low latency or delay.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)J. Products/Services and Rates:(3). TA PROMISE - FramePlus Rates:

Port Increment In Kbps	Monthly Charge	Install Charge	Change Charge
64	\$190	\$150	\$150
128	\$355	\$250	\$250
192	\$395	\$250	\$250
256	\$420	\$250	\$250
320	\$580	\$250	\$250
384	\$625	\$250	\$250
448	\$720	\$250	\$250
512	\$790	\$250	\$250
576	\$890	\$250	\$250
640	\$940	\$250	\$250
704	\$970	\$250	\$250
768	\$990	\$250	\$250
832	\$1111	\$250	\$250
896	\$1118	\$250	\$250
960	\$1220	\$250	\$250
1020	\$1265	\$250	\$250
1088	\$1330	\$250	\$250
1152	\$1370	\$250	\$250
1216	\$1410	\$250	\$250
1280	\$1450	\$250	\$250
1344	\$1500	\$250	\$250
1408	\$1530	\$250	\$250
1472	\$1560	\$250	\$250
1536	\$1595	\$250	\$250

Port Connection	Fixed Rate	Per DSO	Change	Install
Intrastate	\$100	\$55	\$250	N/A
Authority NMS (per network)	\$1,000	N/A	\$500	\$2,000
ARC	\$250	N/A	\$250	\$250

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)J. Products/Services and Rates:(3). TA PROMISE - FramePlus Rates (Cont'd):

## Permanent Virtual Circuits

CIR per 8K Simplex Fees	Install Fees
\$6.00	\$25.00

	Monthly Recurring	Install Fees	Change Fees
Automatic Reconfiguration*	\$250	\$250	\$250
Authority	\$1,000	\$2,000	\$500

\* Per disaster recovery site.

(4). TA PROMISE - COMPANY Dedicated Access Data Services: See Section 3, paragraph 11 for details and definitions.

	Fixed	Per Mile	COC MRC Per End	COC NRC Per End	Bridging
TA Basic Digital Service	\$207.00	\$0.29	\$50.00	\$220.00	\$17.00
Extended Digital Service 128	\$414.00	\$0.58	\$150.00	\$500.00	
Extended Digital Service 192	\$621.00	\$0.87	\$150.00	\$500.00	
Extended Digital Service 256	\$828.00	\$1.16	\$150.00	\$500.00	
Extended Digital Service 320	\$1,035.00	\$1.45	\$150.00	\$500.00	
Extended Digital Service 384	\$1,242.00	\$1.74	\$150.00	\$500.00	
Extended Digital Service 448	\$1,449.00	\$2.03	\$150.00	\$500.00	
Extended Digital Service 512+	\$1,550.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS1)	\$1,550.00	\$2.30	\$150.00	\$500.00	
Touch America Direct (DS3)	\$16,000.00	\$42.00	\$500.00	\$2,700.00	

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****I. TA PROMISE (Cont'd)****J. Products/Services and Rates:****(5). TA PROMISE - Audio Conferencing Rates:****(a). Month-to-Month Rates:**

	<b>Standard</b>	<b>Automated</b>
Meet Me	\$0.250	\$0.190
800 Meet Me	\$0.400	\$0.280
Operator Assisted	\$0.400	N/A

**(b). 1, 2, and 3 Year Term Rates****(i). Group 1 - Commitment Levels of \$100, \$250, \$500, and \$1,000**

	<b>Standard</b>	<b>Automated</b>
Meet Me	\$0.238	\$0.181
800 Meet Me	\$0.380	\$0.266
Operator Assisted	\$0.380	N/A

**(ii). Group 2 - Commitment Levels of \$2,000, \$4,000, \$7,000, and \$12,000**

	<b>Standard</b>	<b>Automated</b>
Meet Me	\$0.213	\$0.162
800 Meet Me	\$0.340	\$0.238
Operator Assisted	\$0.340	N/A

**(iii). Group 3 - Commitment Levels of \$20,000, \$35,000, \$50,000, \$75,000 and \$100,000**

	<b>Standard</b>	<b>Automated</b>
Meet Me	\$0.200	\$0.152
800 Meet Me	\$0.320	\$0.224
Operator Assisted	\$0.320	N/A

ISSUED: April 11, 2001

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)

L. American Trucker's Association ("ATA") Program: COMPANY will offer the following program to nationwide associations that:

- Promote COMPANY services on an exclusive basis to their current and prospective membership;
- Actively market COMPANY services to their entire current and prospective membership; and,
- Generate total usage of at least \$500,000 per month from all enrolled members by the 24th month of the program.

Members of Associations enrolled in this Program and who execute the appropriate enrollment form will receive the TA PROMISE rates set forth in this Tariff for switched, dedicated and Global-Card services and the rates set forth in this Tariff for all other services. The rates will apply in accordance with the Customer's term commitment and associated Monthly Commitment level. If a Customer's actual monthly usage of TA PROMISE services falls below its Monthly Commitment, the Customer will be charged the rates based on its actual usage level. Customers will not be billed and required to pay underutilization charges if their monthly usage falls below their original Monthly Commitment. If a Customer ceases to be an Association Member enrolled in this Program, the Customer will no longer receive the rates associated with this Program and will be converted to standard TA PROMISE rates in accordance with the terms of this tariff. COMPANY reserves the right to terminate from this Program, on twelve (12) months written notice, any Association that fails to comply with all of the qualifications as described above.

(1). Switched - Outbound and Inbound Per Minute Rates:

## (a). Group 1 - Commitment levels of \$100, \$500, and \$1,000

One Year	Two Year	Three Year
\$0.105	\$0.103	\$0.101

## (b). Group 2 - Commitment levels of \$2,000, \$4,000, \$7,000, and \$12,000

One Year	Two Year	Three Year
\$0.102	\$0.100	\$0.098

## (c). Group 3 - Commitment levels of \$20,000, \$35,000, \$50,000+

One Year	Two Year	Three Year
\$0.100	\$0.099	\$0.095

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)L. American Trucker's Association Program (Cont'd)(2). Dedicated - Outbound and Inbound Per Minute Rates:

## (a). Group 1 - Commitment levels of \$1,000 and \$1,500

One Year	Two Year	Three Year
\$0.084	\$0.082	\$0.080

## (b). Group 2 - Commitment levels of \$2,000, \$4,000, \$7,000, and \$12,000

One Year	Two Year	Three Year
\$0.079	\$0.078	\$0.076

## (c). Group 3 - Commitment levels of \$20,000, \$35,000, \$50,000+

One Year	Two Year	Three Year
\$0.077	\$0.075	\$0.074

(3). TA PROMISE - Global-Card:

Per Minute Rate        \$0.170

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**18. TA PROMISE (Cont'd)L. American Trucker's Association Program (Cont'd)

(4). Discounts: These discounts will be applied to TA PROMISE - Dedicated Services and TA PROMISE - FramePlus only:

<b>Volume Level</b>	<b>1 Year</b>	<b>2 Year</b>	<b>3 Year</b>
\$0 – \$99	0%	0%	0%
\$100 – \$499	10%	12%	14%
\$500 – \$999	11%	13%	15%
\$1,000 – \$1,499	12%	14%	16%
\$1,500 – \$1,999	13%	15%	17%
\$2,000 – \$3,999	14%	16%	18%
\$4,000 – \$6,999	16%	18%	20%
\$7,000 – \$11,999	17%	19%	21%
\$12,000 – \$19,999	18%	20%	22%
\$20,000 – \$34,999	20%	22%	24%
\$35,000 – \$49,999	21%	23%	25%
\$50,000 – Plus	22%	24%	26%

(5). Payphone Use Charge \$0.30

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**19. TOUCH AMERICA ONE

A. General Description: TOUCH AMERICA ONE is a package of inbound and outbound toll and calling card services in the contiguous United States. The plan is designed for small, switched business customers that generate less than \$150 in telecommunication costs per month. Touch America One service requires a minimum of \$20 dollars in monthly usage. If the customer bills less than \$20 per month, they will be billed for the difference between the \$20 minimum monthly requirement and the amount actually billed.

The first 800 number is free, each additional 800 number is five dollars (\$5.00) per month, per number. This service limits customers to a total of three (3) 800 numbers.

B. Billing: Intrastate rates are quoted in full minutes. Call rounding is thirty (30) second initial and one (1) second incremental. Call duration is calculated on a per call basis rounding up to the full increment. Call rating is on a bulk basis (all call duration totaled and then rated). Total is rounded to the nearest full cent.

(1). Global-Card Billing: The Global-Card is billed in initial thirty (30) seconds, then in six (6) second additional increments.

C. Optional Features: Account Codes (outbound and inbound) and Directory Assistance.

D. Time Periods: All day, every day

E. Rates:

(1). Inbound/Outbound (Contiguous 48 states): Flat rate: \$0.180

There is a \$20 monthly minimum required.

(2). Calling Card – (Global-Card):

## Global-Card - Touch America One

Per Minute All Times	\$0.25
Surcharge Per Call	\$0.35
Operator Surcharge Per Call	\$2.25

ISSUED: April 11, 2001

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**19. TOUCH AMERICA ONE

## E. Rates (Cont'd)

(3). Enhanced 800/888/877 Features: See Section 3, paragraph 2 for details.

Feature	Monthly Charge	Non Recurring And Change Charge
Extended Call Coverage	\$0.00	\$0.00
Two-way DALs	\$0.00	\$0.00
Industry Toll Free Directory Assistance (per 800 number)	\$25.00	\$25.00
Industry Toll Free Directory Assistance Expedite (per toll Free number)	\$0.00	\$35.00
Project Accounting Codes (per blocks of 100/both Verified and non-verified, switched and dedicated)	\$15.00	\$15.00
Tailored Call Coverage (per 800 number)	\$0.00	\$50.00
Day of Year (Holiday) Routing (per 800 number)	\$0.00	\$50.00
Time of Day Routing (per 800 number)	\$50.00	\$50.00
Day of Week Routing (per 800 number)	\$50.00	\$50.00
Percent Allocation Routing (per 800 number)	\$50.00	\$50.00
Alternate Call Routing (per 800 number)	\$50.00	\$50.00
Geo Routing (per 800 number ) (\$0.0005 per MOU)	\$50.00	\$50.00
Direct Termination Overflow (per trunk group)	\$50.00	\$50.00
Real Time ANI (per trunk group)	\$0.00	\$350.00
DNIS (per trunk group)	\$0.00	\$350.00
Menu Routing – Per Call Surcharge	\$0.05/call	
Quota Call Allocation	\$50.00	\$50.00

(4). Payphone Use Charge: \$0.30ISSUED: April 11, 2001  
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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)20. TOUCH AMERICA CHOICE

A. General Description: Touch America Choice is a package of inbound and outbound toll and calling card services designed for small business customers billing between \$50 and \$500 a month in switched long distance service. Customers must subscribe to a one, two or three year term commitment. Touch America Choice Customers will be billed a monthly recurring charge per Service Location, as defined herein. If, during any month the Customer's invoiced usage charges are less than the monthly fee, the Customer will be billed and required to pay the difference between the monthly fee and the actual amount billed.

B. Billing/Rounding: Initial thirty (30) second minimum and additional one (1) second increments thereafter for all domestic Touch America Choice calls. Call duration is calculated on a per call basis rounding up to the full increment. Call rating is on a bulk basis (all call duration totaled and then rated). Total is rounded to the nearest full cent.

C. Directory Assistance: Directory Assistance is available for all Touch America Choice Customers.

D. Renewals: The Customer or COMPANY may terminate the term commitment at the end of the initial term by providing not less than thirty (30) days written notice. If written notification is not submitted to COMPANY at least thirty (30) days prior to the expiration of the term commitment, and COMPANY has not given notice of termination to the Customer, this term commitment shall automatically renew based on the same terms and conditions and at the tariffed rates in effect at the time of such renewal.

E. Early Termination Charges

(1). COMPANY will allow a Customer to terminate its Touch America Choice term agreement prior to its expiration date provided the Customer is converting to another COMPANY product with equal or greater term and volume commitment levels.

(2). Customers who terminate their term commitment prior to the expiration date and provide written notification to COMPANY, will be billed and required to pay on their next full month's invoice a single charge calculated by taking the monthly fee multiplied by the number of service locations multiplied by the number of months remaining in the term contract.

(3). Customers who terminate their term commitment prior to the expiration date and do not provide written notification to COMPANY, will be billed and required to pay each month for the remainder of the contract a charge calculated by taking the monthly fee multiplied by the number of service locations.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**20. TOUCH AMERICA CHOICE (Cont'd)

F. Guarantees: Touch America Choice Customers are eligible to receive the following guarantees:

Toll Free Service Assurance Guarantee - See Section 2, paragraph 37.

Customer Satisfaction Guarantee - See Section 2, paragraph 38.

G. Touch America Choice – Global-Card: Touch America Choice Global-Card is a flat, per minute rated calling card service, with a per call surcharge. Rates are quoted in full minutes. Call rounding is initial thirty (30) second increments and additional six (6) second increments

H. Enhanced Toll Free Features: Touch America Choice offers Enhanced Toll Free Features for all Customers. See Section 3, paragraph 2 for details and definitions.

I. Availability: Touch America Choice is available on a full-time basis, twenty-four (24) hours a day, seven (7) days a week. All Customers must have at least two (2) business lines subscribed to Touch America Choice.

J. Touch America Choice Rates and Charges:(1). Per Minute Rates

<u>Term Commitment</u>	<u>All Time Periods</u>
One Year	\$0.115
Two Year	\$0.112
Three Year	\$0.100

(2). Monthly Recurring Charge

Per Service Location: \$4.95

K. Touch America Choice - Global-Card Plus Calling Card Rates and Charges:

All Time Periods	\$0.30
Surcharge	\$0.00
Operator Surcharge, per call	\$2.25

L. Payphone Use Charge: \$0.30

ISSUED: April 11, 2001

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**20. TOUCH AMERICA CHOICE (Cont'd)M. Enhanced Toll Free Features Charges: See Section 3, paragraph 2 for details.

Feature	Monthly Charge	Non-Recurring Charge	Change Charge
Industry Toll Free Directory Assistance (per toll free number)	\$25.00	\$25.00	\$25.00
Industry Toll Free Directory Assistance Expedite (per toll free number)	\$0.00	\$35.00	\$0.00
Outbound Project Accounting Codes – Verified	\$0.00	\$10.00	\$10.00
Outbound Project Accounting Codes - Non-Verified	\$0.00	\$5.00	\$5.00
Inbound Project Accounting Codes – Verified (per block of 100 numbers)	\$50.00	\$75.00	\$75.00
Inbound Project Accounting Codes - Non-Verified (per toll free number)	\$50.00	\$25.00	\$25.00
Alpha (Name) Project Accounting Codes (per toll free number)	\$50.00	\$35.00	\$35.00
Tailored Call Coverage (per toll free number)	\$0.00	\$25.00	\$25.00
Day of Year (Holiday) Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Time of Day Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Day of Week Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Percent Allocation Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Geo Routing (per toll free number)	\$75.00	\$50.00	\$0.00
Menu Routing (per toll free number)	\$0.00	\$50.00	\$25.00
Menu Routing (per call surcharge)	\$0.05/call		
TA Logic (Floppy Disk)	\$50.00	\$50.00	\$35.00
TA Logic (CD-ROM)	\$55.00	\$55.00	\$35.00
Account Codes Setup/Change	N/A	\$75.00	N/A

The first two (2) toll free numbers will incur a \$4.95 per number monthly charge. The third toll free number will be free. Each additional toll free number; four (4) up to a maximum of seven (7), will also incur a \$4.95 per number monthly charge.

ISSUED: April 11, 2001  
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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****21. 800 CALLING CARD SERVICE**

A. General Description: 800 Calling Card Service is a user-initiated service whereby End Users access the Company's network by dialing a designated 800 access number with completion through an access code used by the End User with billing to a pre-established account. Calls can be placed with the assistance of an automated or live operator. This service is subscribed to by End Users and allows them to access the Company's network at their option rather than placing calls through the pre-subscribed long distance carrier of the originating telephone.

This service and the designated 800 access number(s) are not marketed or made available to the general public and any usage by End Users will be incidental. The rates and surcharges apply to intrastate calls placed by End Users traveling from states in the Company's wholesale customer's geographic region.

**B. Per Minute Rates:**

Mileage	Day		Evening		Night/Weekend	
	1 <sup>st</sup> Min	Add'l Min	1 <sup>st</sup> Min	Add'l Min	1 <sup>st</sup> Min	Add'l Min
0-9999	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45

**C. Operator Service Surcharges:**

0+ Calling Card	\$0.95
0+ Calling Card (Op)	\$1.25
0 - Calling Card (Op)	\$1.25
0+ Credit Card	\$1.75
0+ Credit Card (Op)	\$3.45
0 - Credit Card (Op)	\$3.45
Automatic Collect	\$4.95
0+ Collect	\$4.95
0 - Collect	\$4.95
0+ Bill to Third Party	\$5.50
0 - Bill to Third Party	\$5.50
0+ Person to Person	\$9.95
0 - Person to Person	\$9.95
Payphone Surcharge	\$0.30
Directory Assistance, per call	\$0.85
Directory Assistance Call Completion, per call	\$1.00

ISSUED: April 11, 2001

Issued by:

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)22. 800 DIRECTORY ASSISTANCE

A. General Description: 800 Directory Assistance is an enhancement for COMPANY'S 800 customers. COMPANY customers can have all of their 800 numbers listed in the AT&T 800 directory (AT&T maintains a nationally published directory of 800 numbers. 800 numbers obtained from alternate carriers may be listed in the AT&T 800 directory if a customer chooses to subscribe to the listing service).

B. Access: Customer dials 800-555-1212 and receives directory assistance on all 800 numbers listed in the AT&T 800 directory.

C. Rates

- |      |  |                               |
|------|--|-------------------------------|
| (1). | Monthly Recurring Charge                 | \$25.00 per 800 number listed |
| (2). | Non-Recurring Charge:                    |                               |
|      | (a). One time set-up/cancellation charge | \$25.00                       |
|      | (b). Expedite fee                        | \$35.00                       |
|      | (c). Add, change, delete                 | \$25.00 per record            |

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**23. **"800 T-1" - FLAT RATE SERVICE**A. **Intrastate Domestic Traffic** (Rate Per Minute)

<b>Day</b>	<b>Evening</b>	<b>Night</b>
\$ .1252	\$ .1214	\$ .1139

B. **Billing:** 18 second minimum billing, with 6 second billing increments thereafterC. **Monthly Charge Per 800 Number:** \$10.00D. **Discounts:** No volume discounts apply

E. **Minimum Monthly Usage:** A monthly minimum usage of \$9.50 is required of all accounts. A shortfall charge equivalent to the difference between the minimum monthly charge and actual usage may be assessed.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****24. DEDICATED LEASED LINE SERVICE RATES**

A. General Description: Dedicated Leased Line Service is offered to specific customers for the purpose of Intercity communications facilities that are billed at pre-determined fixed monthly rates. The customer is responsible for charges associated with local exchange carrier or alternative access provider provided special access.

B. Dedicated Leased Line service is available in the following options:

(1). Voice Grade Service: is an analog point to point dedicated circuit used for simultaneous two-way transmission and is available in increments of one or more voice grade channels, each with a nominal bandwidth of 4khz. Voice Grade Channels may be used for voice, data, facsimile, or any combination thereof.

(a). Nonrecurring charge: \$150/voice grade channel.

(b). Monthly Charges: Monthly charges are assessed per voice grade channel based on channel mileage. A minimum monthly charge of \$100 per channel will apply.

Miles	Fixed	Per Mile
0-100	\$90.00	\$1.36
101+	\$198.57	\$0.37

(c). Local Access Charges: Any and all charges associated with Local Access will be charged to the customer by the providing carrier at their prevailing rates.

(d). \$50.00 per loop side for a port activation fee.

(2). Digital Data Service: is a digital point to point dedicated circuit used for simultaneous two-way transmission and is available in increments of one or more channels.

(a). Nonrecurring charge: \$150/voice grade channel.

(b). Monthly Charges: are assessed per channel based on channel mileage. A minimum monthly charge of \$100 per channel will apply.

Miles	Fixed	Per Mile
0-100	\$126.00	\$1.90
101+	\$278.00	\$0.50

(c). Local Access Charges: Any and all charges associated with Local Access will be charged to the customer by the providing carrier at their prevailing rates.

(d). \$50 per loop side for port activation fee.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)24. DEDICATED LEASED LINE SERVICE RATES

(3). 56 Kbps Digital Private Line Service: 56 Kbps Digital Service is a digital point to point dedicated circuit used for simultaneous two-way transmission and is available in increments of one or more channels. Service will accommodate voice and data communications at speeds of up to 56 Kbps.

(a). Nonrecurring charge: \$150/channel

(b). Monthly Charges: are assessed per channel based on channel mileage. A minimum monthly charge of \$100 per channel will apply.

Miles	Fixed	Per Mile
0-100	\$90.00	\$1.36
101+	\$198.57	\$0.37

(c). Local Access Charges: Any and all charges associated with Local Access will be charged to the customer by the providing carrier at their prevailing rates.

(d). \$50 per loop side for port activation fee.

25. PRODUCT 411

A. General Description: Product 411 is a 1+ outbound long distance service designed for residential users. Customers subscribe to the service by either: 1) sending in a positive response to a direct mailing from the Company, 2) positively responding to a solicitation from an authorized representative of the Company, or 3) contacting the Company directly. Access to the service is furnished on a presubscription basis from end offices directly served by the Company; dial-up service is also available.

B. Billing: Full minute

C. Rate: \$0.12 per minute

D. Monthly fee: \$4.50

E. Directory Ass't: \$0.65 per call

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**

26. QNC PRODUCT

A. General Description: QNC Product is a dial-up access service available to residential users. This product is provided, marketed, and billed by the Company under the trade name of QNC.

B. Minimum Service Period – 1 month

C. Billing – Full minute

D. Rates:

Peak Hours	Off-Peak Hours
\$0.1400	\$0.1000

E. A per call charge of \$.10 is also applicable

F. Directory Assistance: \$.75/call

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****27. PRODUCT 150**

A. General Description: Product 150 is residential outbound service. Access to the service is only available on a presubscription basis from end offices directly served by the Company. Customers subscribe to the service through an authorized representative of the Company.

- B. Billing – Full minute
- C. Time Periods – All day, every day
- D. Rate: \$0.12
- E. Directory Assistance: \$.75/call

**28. PRODUCT 151**

A. General Description: Product 151 is an inbound service, which is available to residential customers. Access to the network is furnished only on a presubscription basis from end offices directly served by the Company. Customers subscribe to the service either by contacting the Company or through an authorized representative of the Company.

- B. Billing – Full minute
- C. Time Periods – All day, every day
- D. Rate: \$0.20
- E. Directory Assistance: \$.75/call

**29. PRODUCT 152**

A. General Description: Product 152 is an outbound service designed for small business customers. Access to the service is only available on a presubscription basis from end offices directly served by the Company. Customers subscribe to the service through an authorized representative of the Company.

- B. Billing – Initial minimum period of 18 seconds, six (6) second increments thereafter.
- C. Time Periods – All day, every day
- D. Rate: \$0.12
- E. Directory Assistance: \$.75/call

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)30. PRODUCT 153

A. General Description: Product 153 is an inbound service, which is available to small business customers. Access to the network is furnished only on a presubscription basis from end offices directly served by the Company. Customers subscribe to the service either by contacting the Company or through an authorized representative of the Company.

- B. Billing - Initial minimum period of 18 seconds, six (6) second increments thereafter.
- C. Time Periods - All day, every day
- D. Rate: \$0.12
- E. Directory Assistance: \$.75/call

31. PRODUCT 154

A. General Description: Product 154 is an outbound service designed for small business customers whose total monthly usage equals or exceeds \$1000.00. Access to the service is only available on a presubscription basis from end offices directly served by the Company. Customers subscribe to the service through an authorized representative of the Company.

- B. Minimum Service Period - One (1) year
- C. Minimum Monthly Usage Charge - \$100.00
- D. Billing - Initial minimum period of 18 seconds, six (6) second increments thereafter.
- E. Time Periods - All day, every day
- F. Rate: \$0.115 per minute
- G. Directory Assistance: \$.75/call

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****32. MILITARY TALK**

A. General Description: Military Talk is a calling card, which is available to all active military personnel. Military Talk provides access to the COMPANY Network via 800 access with a nine digit personal authorization code to place calls within the United States and worldwide termination.

B. Billing: Initial thirty (30) second minimum and additional one (1) second increments thereafter.

C. Availability: Military Talk is available to all active military branches.

D. Credit Limit: The initial credit limit is \$75.00. All adjustments will be done on an individual case basis solely determined by COMPANY.

E. Rates: Calls made from within and outside specified NPA

<b>Day</b>	<b>Evening</b>	<b>Night/Weekend</b>
\$0.22	\$0.10	\$0.10

F. Charges:

Payphone Surcharge: \$0.25

ISSUED: April 11, 2001

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)13. BIG PLANET

A. General Description: Big Planet will allow a customer to complete intrastate toll calls between any two points within the State. Service is available on a full-time basis, twenty-four (24) hours a day, seven (7) days a week. A monthly fee will be applied beginning with the customer's first full month's invoice.

B. Billing - Billing will be done in full minute increments.

C. Rates - The per minute usage rate is as follows:

All Time Periods                      \$0.15

D. Monthly Fee:                      \$2.95

E. Calling Card

All Time Periods                      \$0.30

Surcharge                                  \$0.00

F. Home 800

All Time Periods                      \$0.10

G. Availability - Big Planet is available to all customers that have no more than a total of two (2) residential or business lines. Big Planet is only available on an intrastate basis when the customer has subscribed to the interstate Big Planet service.

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****3. TA FLASH**

**A. General Description:** TA Flash will allow a customer to complete calls between any two points within the State. Calling Card and Home 800 service is also available to Customers subscribing to TA Flash. A monthly fee will be applied beginning with the customer's first full month's invoice. Service is available on a full-time basis, twenty-four (24) hours a day, seven (7) days a week.

**B. Billing -** Billing will be done in initial sixty (60) second increments and additional sixty (60) second increments.

**C. Rates -** The per minute usage rates are as follows:

All Time Periods	<u>InterLATA</u> \$0.15	<u>IntraLATA</u> \$0.15
<b>D. Monthly Fee:</b>	\$4.95	
<b>E. Calling Card:</b>	All Time Periods Surcharge	\$0.40 \$0.99
<b>F. Home 800:</b>	All Time Periods	\$0.10
<b>G. Operator Surcharge:</b>	\$2.25/per call	
<b>H. Payphone Use Charge:</b>	\$0.25/per call	

**I. Availability:** TA Flash is available to all residential customers who have no more than five (5) lines. TA Flash is only available on an intrastate basis when the customer has subscribed to the interstate TA Flash service.

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)3. TA COMMUNICATIONS PACKAGE

A. General Description: TA Communications Package will allow a customer to complete calls between any two points within the State. Calling Card and Home 800 service is also available to Customers subscribing to TA Communications Package. A monthly fee will be applied beginning with the customer's first full month's invoice. Service is available on a full-time basis, twenty-four (24) hours a day, seven (7) days a week.

Customers must enroll in the offer via a company-designated Internet address. Upon enrollment on the offer, the Customer must designate to the Company a valid commercial credit card through which the Customer will be automatically billed for usage under the offer. Customers may review billing details via Company on-line Customer Service using the Internet.

B. Billing - Billing will be done in initial sixty (60) second increments and additional sixty (60) second increments.

C. Rates - The Customer will not be charged for the first two hundred fifty (250) minutes of domestic dial "1" usage per month. After these initial 250 minutes have been used, the Customer will be charged the following per minute rate:

	<u>InterLATA</u>	<u>IntraLata</u>
All Time Periods	\$0.15	\$0.15
D. <u>Monthly Fee</u> :	\$24.95	
E. <u>Calling Card</u> :		
All Time Periods	\$0.49	
Surcharge	\$0.99	
F. <u>Home 800</u> :		
All Time Periods	\$0.10	
G. <u>Operator Surcharge</u> :	\$2.25/per call	
H. <u>Payphone Use Charge</u> :	\$0.25	

I. Availability: TA Communications Package is available to all residential customers who have no more than five (5) lines. TA Communications Package is only available on an intrastate basis when the customer has subscribed to the interstate TA Communications Package.

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)14. TA SAVINGS PACKAGE

A. General Description: TA Savings Package will allow a customer to complete calls between any two points within the State. Calling Card and Home 800 service is also available to Customers subscribing to TA Savings Package as well as other non-tariffed offerings. A monthly fee will be applied beginning with the customer's first full month's invoice. Service is available on a full-time basis, twenty-four (24) hours a day, seven (7) days a week.

B. Billing - Billing will be done in initial sixty (60) second increments and additional sixty (60) second increments. The Customer must designate to the Company a valid commercial credit card through which the Customer will be automatically billed when subscribing to TA Savings Package in conjunction with other non-tariffed offerings.

C. Rates - The per minute usage rates are as follows:

	<u>InterLATA</u>	<u>IntraLata</u>
All Time Periods	\$0.15	\$0.15

D. Monthly Fee: \$4.95

E. Calling Card:

All Time Periods	\$0.49
Surcharge	\$0.99

F. Home 800:

All Time Periods	\$0.10
------------------	--------

G. Operator Surcharge: \$2.25/per call

H. Payphone Use Charge: \$0.25

I. Availability: TA Savings Package is available to all residential customers with no more than five (5) lines. TA Savings Package is only available on an intrastate basis when the customer has subscribed to the interstate TA Savings Package.

ISSUED: April 11, 2001

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)TA 1500 PACKAGE

A. General Description: TA 1500 Package will allow a customer to complete calls between any two points within the State. Calling Card and Home 800 service is also available to Customers subscribing to the TA 1500 Package. A monthly fee will be applied beginning with the customer's first full month's service. Service is available on a full-time basis, twenty-four (24) hours a day, seven (7) days a week.

B. Billing - Billing will be done in initial sixty (60) second increments and additional sixty (60) second increments.

C. Rates - The Customer will not be charged for the first fifteen hundred (1500) minutes of off-peak domestic dial "f" usage per month. The Customer will be charged the following per minute usage rates for peak and off-peak (after the 1500 minutes have been used):

All Time Periods	<u>InterLATA</u>	<u>IntraLata</u>
	\$0.15	\$0.15

D. Time Periods

<u>Peak</u>	7am - 7pm, Monday through Friday
<u>Off-Peak</u>	All other times

E. Monthly Fee: \$24.95 per line  
\$4.95 per additional line

F. Calling Card:  
All Time Periods \$0.40  
Surcharge \$0.99

G. Home 800:  
All Time Periods \$0.10

H. Operator Surcharge: \$2.25/per call

I. Payphone Use Charge: \$0.25

J. Availability: TA 1500 Package is available to all residential customers with no more than five (5) lines. TA 1500 Package is only available on an intrastate basis when the customer has subscribed to the interstate TA 1500 Package.

ISSUED: April 11, 2001

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**SECTION 1 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****1. TA RESIDENTIAL GOLD**

**A. General Description:** TA Residential Gold is a comprehensive residential long distance package that includes TA Residential 1 Plus, TA Residential 800 and TA Residential Travel Card services with the following rates and discounts:

**B. Billing:** Full minute

**C. Rates:**

Product	DAY	EVENING	NIGHT
TA Residential 1 +	\$0.2490	\$0.2090	\$0.1890
TA Residential 800	\$0.2400	\$0.2200	\$0.2200
TA Residential Travel Card	\$0.2350	\$0.1550	\$0.1350
	Surcharge: \$0.50 per call		
	Operator Assistance: \$0.75 per call		

**D. Monthly charge:** \$3.00

**E. Account Establishment Credit:** \$5.20

**F. Quarterly Credit:** 30 minutes free

**G. Volume Discount:** 5% discount applicable when usage exceeds \$25.00

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

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**SECTION 1 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****40. OPERATOR SERVICES**

**A. General Description:** This section sets forth the rates and charges applicable to the COMPANY's Operator Assisted Service offerings. The total charge for each completed operator assisted call consists of two charge elements: a one-time fixed operator service charge added to the first minute of each operator service call, which will be dependent on the type of billing selected (i.e., Calling Card, Third Party) and/or the completion restriction selected (i.e., Person-to-Person); and a measured usage charge dependent on the duration, distance, and time of day of the call. The usage charge element is specified as duration, with a minimum charge for each call of one minute, and with fractional minutes of use hereafter counted as full minutes.

The user will be charged according to the rate schedules set forth below:

**OPTION A** - COMPANY's Standard Operator Service - allows calls to be placed with the assistance of an operator from: (i) phones which are presubscribed to COMPANY; or, (ii) phones where the caller first dials a COMPANY carrier identification code.

**OPTION B** - COMPANY's Collect Call Service Rates - allows calls to be placed with the assistance of an operator from phones where the caller first dials a COMPANY- provided access number.

**B. OPTION A**

(1) Operator Service Surcharges - The one time operator surcharge will be added to the first minute of each operator service call in addition to the per minute rates in (2), following

Calling Card	Surcharge
Customer Dialed	\$0.95
Operator Assisted (0+)	\$0.95
Operator Assisted (0-)	\$2.25
Operator Station	Surcharge
Third Party (0+)	\$2.35
Third Party (0-)	\$2.35
Collect (0+)	\$2.25
Collect (0-)	\$2.25
Person-to-Person (0+)	\$4.90
Person-to-Person (0-)	\$4.90

ISSUED: April 11, 2001

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****40. OPERATOR SERVICES (Cont'd)****B. OPTION A (Cont'd)**

(2). Operator Services Per Minute Usage Charges -- The following are the per minute rates that the customer will incur when using COMPANY's Operator Services. These rates will apply in addition to the applicable operator surcharge outlined in (1), preceding. These usage charges apply to all classes of service.

Distant Miles	DAY		EVENING		NIGHT	
	1 <sup>st</sup> Min.	Add'l Min.	1 <sup>st</sup> Min.	Add'l Min.	1 <sup>st</sup> Min.	Add'l Min.
10	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200
20	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200
30	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200
40	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200
50	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200
60+	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200	\$0.4200

**C. OPTION B****(1). Collect Call Surcharges**

Surcharge Type	Per Call
Operator Station	\$1.01
Person-to-Person	\$3.21
Third Party	\$2.16

REVISED: April 11, 2001  
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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****40 OPERATOR SERVICES (Cont'd)****6 OPTION B (Cont'd)****(2) Collect Call Per Minute Usage Charges**

Hours/Miles	DAY		EVENING		NIGHT	
	1 <sup>st</sup> Min.	Add'l Min.	1 <sup>st</sup> Min.	Add'l Min.	1 <sup>st</sup> Min.	Add'l Min.
6-10	\$0.2100	\$0.1500	\$0.1575	\$0.1125	\$0.1260	\$0.0960
11-16	\$0.2600	\$0.1600	\$0.1950	\$0.1200	\$0.1560	\$0.0960
17-22	\$0.3000	\$0.1800	\$0.2250	\$0.1350	\$0.1800	\$0.1080
23-25	\$0.3400	\$0.2100	\$0.2550	\$0.1575	\$0.2040	\$0.1260
26-30	\$0.3400	\$0.2100	\$0.2550	\$0.1575	\$0.2040	\$0.1260
31-40	\$0.3600	\$0.2400	\$0.2700	\$0.1800	\$0.2160	\$0.1440
41-5570	\$0.3900	\$0.2500	\$0.2925	\$0.1875	\$0.2340	\$0.1500
56-70	\$0.4000	\$0.2600	\$0.3000	\$0.1950	\$0.2400	\$0.1560
71-85	\$0.4000	\$0.2600	\$0.3000	\$0.1950	\$0.2400	\$0.1560
86-124	\$0.4100	\$0.2700	\$0.3075	\$0.2025	\$0.2460	\$0.1620
125-144	\$0.4300	\$0.2900	\$0.3225	\$0.2175	\$0.2580	\$0.1740
145-200	\$0.4400	\$0.3000	\$0.3300	\$0.2250	\$0.2640	\$0.1800
201-300	\$0.4400	\$0.3000	\$0.3300	\$0.2250	\$0.2640	\$0.1800
301-	\$0.4400	\$0.3000	\$0.3300	\$0.2250	\$0.2640	\$0.1800

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)41. ALTERNATIVE OPERATOR SERVICES

A. GENERAL DESCRIPTION: This section sets forth the rates and charges applicable to ~~Carrier's~~ Alternative Operator Service offering. The total charge for each completed operator assisted call consists of two charge elements (except as otherwise provided herein): fixed operator service charge, which will be dependent on the type of billing selected (i.e., calling card, charge third party or other) ~~and/or the completion restriction selected~~ (i.e., station-to-station or person-to-person); and for toll calls a measured usage charge dependent on the duration, distance and time of day of the call. The usage charge element is specified as a rate per minute, which applies to each minute of call duration, with a minimum charge for each call of one minute, and with fractional minutes of use thereafter counted as one full minute.

The rates set forth in this section are applicable to calls originating and terminating within the State. Charges may be billed to a local telephone number, major credit card or to the called party.

B. CALCULATION OF DISTANCE: Usage charges for all mileage sensitive usage are based on the airline distance between rate centers associated with the originating and terminating points of the call. The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. COMPANY uses the rate centers and associated vertical and horizontal coordinates that are produced by Bell Communications Research in their NPA-NXX V & H Coordinates Tape and NECA Price list F.C.C. No. 4.

FORMULA =

$$\sqrt{\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}}$$

ISSUED: April 11, 2001  
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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)41. ALTERNATIVE OPERATOR SERVICES (Cont'd)

C. RATE CATEGORIES: The rates and charges set forth in this section are applicable to all intrastate calls originating and terminating within the State provided by COMPANY. Charges may be billed to a valid local telephone number or major credit card; collect calls are not permitted to locations outside the United States Mainland, Alaska, and Hawaii. Definitions of the types of charges that appear on the preceding Rate Tables are as follows:

Per Minute Charges

This charge represents the charges per minute billed to end users for the actual time of the call. Determination of rate table used at each location is made by the customer.

Service Charges

Otherwise known as Operator assistance charges, these are fixed charges assessed on each call based upon the billing method selected by the end user.

Commission or Property Surcharge

This charge is assessed to the end user and provided in its entirety to the customer. The amount of each customer's charge is determined individually by the customer, and incorporated into the contract between COMPANY and the customer. This surcharge must fall within the Surcharge limit imposed by COMPANY.

The rate tables and subscriber surcharges shown herein may be used with any listed option.

ISSUED: April 11, 2001  
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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)41 ALTERNATIVE OPERATOR SERVICES (Cont'd)OPTION A

Allows for calls placed with the assistance of a live or automated operator from Pay Telephones prescribed to COMPANY.

a. Per Minute Charges: InterLATA/IntraLATA

<u>Mileage</u>	<u>1st min.*</u>	<u>Add'l min.*</u>
0 to 9999	\$0.9800	\$0.9800

\* Rates are in Cents per Minute.

b. Service Charges: InterLATA/IntraLATA

0 + Calling Card	\$4.90
0 + Calling Card (Op)	\$5.66
0 - Calling Card (Op)	\$5.66
0 + Credit Card	\$4.90
0 + Credit Card (Op)	\$5.66
0 - Credit Card (Op)	\$5.66
0 + Bill to third Party	\$5.66
0 - Bill to third Party	\$6.81
0 + Collect	\$6.21
0 - Collect	\$7.36
0 + Person to Person	\$7.30
0 - Person to Person	\$7.30
Public Payphone Surcharge	\$0.30

ISSUED: April 11, 2001

Issued by:

EFFECTIVE:

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)41. ALTERNATIVE OPERATOR SERVICES (Cont'd)OPTION B

Allows for calls placed with the assistance of a live or automated operator from Hotel/Motel telephones presubscribed to COMPANY.

a.	<u>Per Minute Charges:</u> InterLATA/IntraLATA	
	<u>Mileage</u>	<u>1st</u>
	0 to 9999	<u>min.*</u>
		<u>Add'l</u>
		<u>min.*</u>
		\$0.7100

\* Rates are in Cents per Minute.

b. Service Charges: InterLATA/IntraLATA

0 + Calling Card	\$5.31
0 + Calling Card (Op)	\$6.88
0 - Calling Card (Op)	\$6.88
0 + Credit Card	\$5.31
0 + Credit Card (Op)	\$6.88
0 - Credit Card (Op)	\$6.88
0 + Bill to third Party	\$5.30
0 - Bill to third Party	\$6.45
0 + Collect	\$5.85
0 - Collect	\$5.85
0 + Person to Person	\$7.30
0 - Person to Person	\$7.30

ISSUED: April 11, 2001

Issued by:

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)41. ALTERNATIVE OPERATOR SERVICES (Cont'd)OPTION C

Allows for calls placed with the assistance of a live or automated operator from (i) business or residential telephones not presubscribed to COMPANY; and (ii) aggregator telephones where the caller first dials a COMPANY access code.

a. Per Minute Charges: InterLATA/IntraLATA

<u>Mileage</u>	<u>1st min.*</u>	<u>Add'l min.*</u>
0 to 9999	\$0.8100	\$0.8100

\* Rates are in Cents per Minute.

b. Service Charges: InterLATA/IntraLATA

0 + Calling Card	\$5.31
0 + Calling Card (Op)	\$6.88
0 - Calling Card (Op)	\$6.88
0 + Credit Card	\$5.31
0 + Credit Card (Op)	\$6.88
0 - Credit Card (Op)	\$6.88
0 + Bill to third Party	\$5.30
0 - Bill to third Party	\$6.45
0 + Collect	\$5.85
0 - Collect	\$7.00
0 + Person to Person	\$7.30
0 - Person to Person	\$7.30
Public Payphone Surcharge	\$0.30

ISSUED: April 11, 2001

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)41. ALTERNATIVE OPERATOR SERVICES (Cont'd)OPTION D

Allows for calls placed with the assistance of an automated operator only from Inmate/Correctional Facility telephones presubscribed to COMPANY.

a. Per Minute Charges: InterLATA/IntraLATA

	1 <sup>st</sup>	Add'l
<u>Mileage</u>	<u>min.</u>	<u>min.</u>
0 to 9999	\$1.15	\$1.15

b. Service Charges: InterLATA/IntraLATA

0 + Collect	\$6.21
Public Payphone Charge	\$0.30

OPTION E

Allows for calls placed with the assistance of a live or automated operator from Hospital telephones presubscribed to COMPANY.

a. Per Minute Charges: InterLATA/IntraLATA

	1st	Add'l
<u>Mileage</u>	<u>min.*</u>	<u>min.*</u>
0 to 9999	\$0.7100	\$0.7100

\* Rates are in Cents per Minute.

b. Service Charges: InterLATA/IntraLATA

0 + Calling Card	\$5.31
0 + Calling Card (Op)	\$6.88
0 - Calling Card (Op)	\$6.88
0 + Credit Card	\$5.31
0 + Credit Card (Op)	\$6.88
0 - Credit Card (Op)	\$6.88
0 + Bill to third Party	\$5.30
0 - Bill to third Party	\$6.45
0 + Collect	\$5.85
0 - Collect	\$5.85
0 + Person to Person	\$7.30
0 - Person to Person	\$7.30

ISSUED: April 11, 2001

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)41. ALTERNATIVE OPERATOR SERVICES (Cont'd)OPTION F

Allows for calls placed with the assistance of a live or automated operator from University/Education telephones presubscribed to COMPANY.

a. Per Minute Charges: InterLATA/IntraLATA

<u>Mileage</u>	<u>1st min.*</u>	<u>Add'l min.*</u>
0 to 9999	\$0.7100	\$0.7100

\* Rates are in Cents per Minute.

b. Service Charges: InterLATA/IntraLATA

0 + Calling Card	\$5.31
0 + Calling Card (Op)	\$6.88
0 - Calling Card (Op)	\$6.88
0 + Credit Card	\$5.31
0 + Credit Card (Op)	\$6.88
0 - Credit Card (Op)	\$6.88
0 + Bill to third Party	\$5.30
0 - Bill to third Party	\$6.45
0 + Collect	\$5.85
0 - Collect	\$5.85
0 + Person to Person	\$7.30
0 - Person to Person	\$7.30

ISSUED: April 11, 2001

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)41. ALTERNATIVE OPERATOR SERVICES (Cont'd)

D. NON-SUBSCRIBER SURCHARGE - A Non-Subscriber Surcharge is applicable to intrastate Operator Station (Collect, Billed to Third Party, and Person-to-Person) calls billed to residential telephone lines which are presubscribed to an interexchange carrier other than COMPANY. This charge is in addition to the usage rates applicable to such calls and is also in addition to any applicable service charges for Operator Station calls as specified in this Tariff.

The Non-Subscriber Surcharge does not apply to: calls billed to calling cards or credit cards, conference calls, calls to directory assistance, calls billed to residential telephone lines which have discontinued subscription to COMPANY but for whom an active billing record still exists in the Company's billing system or to collect calls accessing COMPANY's network via 800 access methods.

COMPANY will credit any Non-Subscriber Surcharges reported by newly-presubscribed COMPANY customers during the period between subscription and administrative processing of the new Customer. The Company will also credit any Non-Subscriber Surcharges reported by Customers during a FCC reportable incident of service outage by another interexchange carrier. To receive either of these credits, Customers must contact the Company through an 800 number designated for billing inquiries. The credit will be issued in the form of a bill credit to be processed electronically through the customer's LEC.

The Non-Subscriber Surcharge applies in all local exchange areas where billing is available and will be implemented in all remaining Local Exchange areas as billing becomes available.

Non-Subscriber Surcharge: \$1.45

E. SUBSCRIBER SURCHARGE – A surcharge of up to \$5.00 per call may be billed to consumers on behalf of COMPANY's customer. This charge, when assessed to the end user, is passed through by COMPANY in its entirety to the customer. The amount of each customer's surcharge is designated by the customer and incorporated into the contract between COMPANY and the customer.

F. DIRECTORY ASSISTANCE

Directory Assistance: \$1.80

ISSUED: April 11, 2001

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****42. TA PREPAID CARD SERVICE - SERIES I**

TA Prepaid Card Service - Series I is an outbound voice grade communications service which allows Card Holders to charge telephone calls to a TA Prepaid Card - Series I. Under this arrangement, charges for calls are deducted from the Customer's prepaid account balance. Customers may purchase a Prepaid Calling Card directly from COMPANY or from an authorized representative of the Company. Prepaid Calling Cards are valid until the Customer's balance is depleted or until the expiration date displayed on the card, whichever occurs first. Except as may be specifically referenced therein, calls made utilizing TA Prepaid Card Service - Series I are not included in any other Company services or promotions. The following types of calls may not be completed with the TA Prepaid Card Service- Series I:

- Calls to 500 numbers
- Calls to 700 numbers
- Calls to 800 numbers
- Calls to 900 numbers
- Directory Assistance calls
- Operator Services calls
- COMPANY Conference calls
- COMPANY Busy Line Verification and Interrupt Services
- Calls requiring the quotation of time and charges
- High Seas Service

**Availability**

TA Prepaid Card Service - Series I is available twenty-four hours a day, seven days a week from locations in the United States and its territories. Provision of the service and the number of available TA Prepaid Card Service - Series I may be subject to technical limitations. TA Prepaid Card Service - Series I is offered to Customers on a first come, first served basis and is provided to the holder of the card.

**Regulations**

The following regulations are applicable to this service:

1. TA Prepaid Card Service - Series I is accessed using the COMPANY toll free number printed on the card.
2. All calls must be charged against a Series I card that has a sufficient balance.

ISSUED: April 11, 2001  
Issued by:

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****42. TA PREPAID CARD SERVICE - SERIES I**

3. Calls in progress will be terminated by the Company if the balance on the Series I card is insufficient to continue the call. Customers will hear an announcement when the Prepaid Card balance is about to be depleted. This announcement will occur ten minutes and one minute prior to the estimated time that the balance will be depleted. This estimate is based upon the unit rate associated with the terminating location of the call.

4. Prior to the disconnection of a call in process, the Customer will be requested to enter another valid TA Prepaid Card – Series I number or to activate a recharge transaction in order to continue the call.

5. Series I cards are non-refundable and will expire on the date specified on the card or the carrier or package in which the card is included. The acquisition of a card entitles the customer or the authorized user of the card holder to make calls from the time of card activation until the available card balance either is depleted or until the card expires, whichever first occurs

Credit Allowances for Interruptions: Customers who experience call interruption due to poor transmission, one-way transmission, or involuntary disconnection of the call may obtain a credit allowance. The credit allowance will be equal to the unit or dollar value for the duration of the call that is interrupted. In order to receive a credit allowance, the Customer must notify the Company at the designated Customer Service Number printed on the Card within 30 days from the date the interruption was experienced. The Customer must also furnish the called number, the trouble experienced (i.e., cut-off, noisy circuit, etc.), and the approximate time the call was placed, and the duration of the interruption. The Prepaid Card will then be credited with the appropriate unit or dollar amount as set forth herein.. Credit allowances are not issued for interruptions that are due to the failure of power, equipment or systems not provided by the Company nor for interruptions that are not properly reported to the Company.

Recharging Feature: Customers may increase a Prepaid Card balance using a valid commercial credit card, which is accepted by the Company. This feature is only available to holders of unexpired cards and such transactions must be handled through a COMPANY provided telephone number and representative. All additional Prepaid Card units or dollars will be charged to the cardholder at the prevailing tariffed rate in effect on the date of recharging. A minimum of 30 units must be purchased in order to take advantage of this recharge feature.

ISSUED: April 11, 2001

Issued by:

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)42. TA PREPAID CARD SERVICE - SERIES I

Service Description: Series I Cards are distributed in unit denominations ranging from 15 to 300 units per card, or as otherwise specified by the Company. The Prepaid Card will be decremented the appropriate number of units for each minute the card is used. A per minute unit price is established for each terminating location. Calls are timed and debited in one minute increments, fractional minutes will be rounded up to the nearest whole minute. When the value of a Card is less than the lowest unit price for a one minute call, the card will be retired and the unused balance forfeited. Prepaid Cards can be recharged pursuant to the provisions set forth herein.

Taxes and Other Charges

- a. Taxes: Charges for TA Prepaid Card Service - Series I are inclusive of federal, state and local taxes imposed on the provision of telecommunications service, but exclusive of the general retail sales, use and other similar taxes that may be imposed on the sale of the Card at the time and point-of-sale.
- b. Payphone Use Charge: An undiscountable two unit per call charge is applicable to Qwest Prepaid Unit Card calls originating from domestic payphones. An undiscountable two minutes will be deducted from the Dollar Option Cards for each call made from domestic payphones). This charge, which is in addition to standard tariffed usage charges and any applicable surcharges associated with COMPANY service, applies to the use of the instrument used to access COMPANY service and is unrelated to TA Prepaid Card - Series I. Customers of TA Prepaid Card Service - Series I will be charged the payphone use charge for each completed call made from a domestic payphone.

ISSUED: April 11, 2001

Issued by:

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**42. TA PREPAID CARD SERVICE - SERIES ITA Prepaid Card – Series I Rate Plans1. Standard Variable Plan Rate Plan

The Standard Variable Plan Rate Plan is plan that offers Series I Cards in denominations ranging from 15 units to 300 units per card, as shown below. Prices are inclusive of all taxes, but do not include the general retail sales, use and other similar taxes that may be imposed at the time and point-of-sale of the Prepaid Card.

Card Denomination	Unit Price	Purchase Price
10	\$0.35	\$3.50
20	\$0.35	\$7.00
30	\$0.35	\$10.50
60	\$0.35	\$21.00
120	\$0.30	\$36.00
240	\$0.28	\$67.20
300	\$0.25	\$75.00

2. Single Rate Plan

The Single Rate Plan makes Prepaid Cards available to Customers in various unit denominations at a single unit rate. Prices are inclusive of all taxes, but do not include the general retail sales, use and other similar taxes that may be imposed at the time and point-of-sale of the Prepaid Card. Single Rate Prepaid Cards will be sold at prices rounded to the nearest cent. Service is provided at a rate of \$.25 per unit.

ISSUED: April 11, 2001

Issued by:

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**42. TA PREPAID CARD SERVICE - SERIES I3. Volume Discount Plan

The Volume Discount Plan is available to Customers who purchase several calling units in a single purchase. Customers that commit to a specified purchase level for a 12-month period will receive the discounted rates based upon the annual commitment level as shown below.

Level		Annual Purchase	Unit Denominations	Price Per Unit
A	1	0 to 1,259	20, 30, 60, 90	\$0.50
	2		120, 240, 300	\$0.50
B	1	1,260 to 41,000	20, 30, 60, 90	\$0.24
	2		120, 240, 300	\$0.23
C	1	41,001 to 206,000	20, 30, 60, 90	\$0.23
	2		120, 240, 300	\$0.22
D	1	206,001 to 1,100,000	20, 30, 60, 90	\$0.22
	2		120, 240, 300	\$0.21
E	1	1,100,001 to 4,700,000	20, 30, 60, 90	\$0.21
	2		120, 240, 300	\$0.20
F	1	4,700,001 to 25,000,000	20, 30, 60, 90	\$0.20
	2		120, 240, 300	\$0.19
G	1	25,000,001 to 50,000,000	20, 30, 60, 90	\$0.19
	2		120, 240, 300	\$0.18
H	1	Over 50,000,001	20, 30, 60, 90	\$0.15
	2		120, 240, 300	\$0.15

ISSUED: April 11, 2001  
Issued by:

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)42. TA PREPAID CARD SERVICE - SERIES I4. TA Prepaid Promotional Program

The TA Prepaid Promotional Program allows Customers to purchase Prepaid Cards to be distributed to their clients, patrons, and others for promotional purposes. Each Promotional Prepaid Card purchased by the Customer will reflect the number of calling minutes that are available to the Card Holder. The following restrictions are applicable to this program: 1) Promotional Prepaid Cards can only be used to place calls within the US Mainland; 2) Unless otherwise specified, Promotional Prepaid Cards expire six months from the date of activation or until the Card Holder's Prepaid balance is depleted, whichever occurs first; 3) Promotional Prepaid Cards cannot be used to place calls from payphones; and, Promotional Prepaid Cards are for promotional use only, distributors of Promotional Prepaid Cards are prohibited from charging Card Holders any additional fees for the use or activation of a Promotional Prepaid Card. Charges for Promotional Prepaid Cards are based upon the total number of units purchased by the Customer as set forth below.

Units Purchased		Rate Per Minute
250 to	500	\$0.19
501	1,000	\$0.18
1,001	15,000	\$0.17
15,001	25,000	\$0.16
25,001	50,000	\$0.15
50,001	100,000	\$0.14
100,001	250,000	\$0.12
250,001	500,000	\$0.10
500,001	1,000,000	\$0.09
1,000,001	1,500,000	\$0.08
Over 1,500,001		\$0.07

ISSUED: April 11, 2001  
Issued by:

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)43. TA PREPAID CARD SERVICE – SERIES IIGeneral Description

TA Prepaid Card Service – Series II, herein referred to as Card or Pin interchangeably, allows Customers to prepay for cards or Personal Identification Numbers (PINs)<sup>1</sup> for domestic long distance calling either on a per unit or per minute basis. To use the card, callers must dial an access number. When the call is acknowledged, the caller then enters the PIN. At this point, the caller is notified of the amount of units remaining on the card. The caller then enters the telephone number to be called.

Billing Increments

The Series II Prepaid Card is debited as follows:

Option A	60/6
Option B	60/6
Option C	60/60

Rates

Series II Cards are available in various unit or dollar denominations.<sup>2</sup> There is a minimum of 10 units per card per order.

Option A	1 unit = 1 minute = \$0.50
Option B	\$0.50 per minute
Option C	\$0.50 per minute

- 1 All Cards when used in connection with TA Prepaid Card, shall also be interpreted to include PINs.
- 2 For all dollar-denominated cards, the number of units on the card will be determined by dividing the dollar value appearing on the card by the per unit rate and rounding up to the next whole unit.

Recharge Rate

The following is the rate for adding additional units to a card by charging the cost to designated commercial credit cards accepted by COMPANY:

Rate: \$0.50 (per unit)

There is a minimum re-charge requirement of 40 units on each prepaid card.

ISSUED: April 11, 2001

Issued by:

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)43. TA PREPAID CARD SERVICE – SERIES IISurcharge

The following surcharge will be assessed for each call made using an Series II Prepaid card, which originates and terminates between any two points within the state. This surcharge will be applied irrespective of the length of the call.

Option A	\$0.00
Option B	\$0.25
Option C	\$0.49

Features

- A. Recharging: COMPANY may permit customers to add units to unexpired cards by charging the cost of additional units to a commercial credit card accepted by COMPANY. Such additional units will be charged at the prevailing per-unit rate on the date of recharging. In the event that the customer's credit card is later denied or otherwise uncollectible, COMPANY will delete any remaining minutes related to the recharge and may render the card unavailable for future recharges.
- B. Card Customizing: The physical appearance of cards may be designed by mutual agreement of COMPANY and the customer or the customer may order preprinted cards from COMPANY. Card customizing and associated charges are determined on an individual case basis.
- C. Card Delivery and Printing: Card delivery and printing charges are determined on an individual case basis.
- D. Taxes: The Series II Prepaid card per unit charge is inclusive of federal, state and local taxes imposed on the provision of telecommunications service, but exclusive of the federal excise Tax and the general retail sales, use and similar taxes that may be imposed on the sales of the Series II Prepaid card at the time and point-of-sale. The COMPANY shall only be liable for the payment of federal, state and local telecommunications service taxes at the time a Series II Prepaid call is made on the net amount received by COMPANY for each Series II Prepaid card unit.
- E. Directory Assistance: A charge of four (4) units per call for Option A; or, four (4) minutes per call for Option B and Option C, will apply for each call requesting Directory Assistance for numbers in the U.S. (including Puerto Rico and the U.S. Virgin Islands).

ISSUED: April 11, 2001  
Issued by:

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****43. TA PREPAID CARD SERVICE - SERIES II**

- F. **Payphone Use Charge:** A charge of two (2) units per call for Option A; or, \$0.29 per call for Option B and Option C, will apply to calls that originate from any payphone used to access COMPANY services. This charge, which is in addition to standard tariffed usage charges and any applicable surcharges associated with COMPANY service, applies for the use of the instrument used to access COMPANY service and is unrelated to the COMPANY service accessed from the payphone. Customers will be charged the payphone use charge for each call which is placed from payphones with the exception of: (i) calls placed by inserting coins during the progress of the call; (ii) calls using Telecommunications Relay service; or, (iii) calls originated by customers who are certified as hearing and/or speech impaired.

**Conditions of Service**

- A. Only the entity in whose name the original qualifying purchase was made shall be deemed to be the customer. Related entities, such as affiliates and subsidiaries, spouses and relatives, shall not be treated as the customer.
- B. Calls to 500, 700, 800, 900 and 950 numbers will not be completed using the Series II Prepaid card.
- C. Calls may only be charged against a Series II Prepaid card that has a sufficient available balance within the time period for expiration.
- D. Series II Prepaid card balances will be reduced and depleted based upon usage. A verbal warning is provided to the caller when the amount of units remaining on the card reaches a certain level. A call will be disconnected upon depletion of all available units on the card.
- E. Series II Cards will expire on the date specified on the card or package in which the card is included. The acquisition of a card will entitle the customer or the authorized user of the customer to make calls from the time of first use until the available card balance either is depleted or until the card expires, whichever first occurs. Once a card has expired it can not be recharged. If a customer chooses to recharge a Series II Prepaid card, the card will remain active for one (1) year from the date that it is recharged. Every time the card is recharged the one year expiration period is reset for another year, however, the card will expire if it is not recharged again during that one year period, regardless of the remaining minutes or units on the card. Series II Cards are non-refundable.

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

43. TA PREPAID CARD SERVICE – SERIES II

- F. Neither COMPANY nor any of its authorized agents or contractors shall be liable or responsible for theft, loss or unauthorized use of any Series I Cards or card numbers. COMPANY will not refund or issue credit for unused units (minutes) on any Series II Prepaid card.
- G. End Users shall be responsible for all use of activated Units (including calls to wrong numbers), regardless of whether such use occurred by the End User, a person authorized by the End User to use the Series I Cards, or by a person who obtained the activated Prepaid card from the End User by theft or other unauthorized means; provided that End Users shall not be responsible for improper activation by COMPANY of incorrect Unit amounts, improper devaluation by COMPANY, transmission difficulty, or improper use by COMPANY or Distributor of Series II Prepaid card information.

Unused inventory (with a minimum of at least five (5) cards) of Series II stock Prepaid cards may be returned to COMPANY within 30 days for a credit of original purchase price less a 25% restocking fee; provided that such cards are undamaged, unused and/or unopened. The COMPANY reserves the right to refuse to credit Distributor for any Prepaid cards returned in the event COMPANY determines, in its sole discretion that such cards are in any way unusable.

ISSUED: April 11, 2001  
Issued by:

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****3.1 PREPAID CARD SERVICE - SERIES III****General Description**

The Series III Card is a travel card/credit card product, which allows the customer to pre-pay for units of domestic long distance calling minutes for a flat rate (1-unit = 1-minute). To use the debit card, the customer dials a toll free number. When the call is acknowledged, the customer then enters the personal identification number of the debit card. At this point, the user is notified of the amount of units remaining on the debit card. The caller then enters the telephone number they want to call. A verbal warning is provided when the amount of units remaining on the card is reduced to a low level. A call will be disconnected upon depletion of all available units on the debit card.

The calling card is debited in full minute increments. Debiting does not begin until the call is answered by the called party.

Orders for the debit card require a cash payment in advance either via check or wire transfer.

**Recharge Feature**

A customer has the option of selecting the re-charge feature when they purchase a debit card. The recharge feature allows the customer to add additional units to their card by charging the cost to various credit cards.

**Rate:** The following is based on the units of each debit card. (1-unit = 1-minute). Series III Prepaid Debit Card rate is \$0.30 per unit. There is a minimum of 10 units per card per order.

**Recharge Rate:** The following is the rate for adding additional units to a debit card by charging the cost to various credit cards:

Rate: \$0.40 (per unit)

There is a minimum re-charge requirement of 30 minutes (units) on each debit card. The maximum number of units that can be re-charged is 120 minutes.

**Expiration:** A card is active for one (1) year after a customer re-charges a minimum of 30 units (minutes). Once a card has expired it cannot be re-activated. Every time the card is re-charged the clock is set for another year, however, the card will expire if it is not recharged again during that one year period regardless of the remaining minutes on the card.

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)45. EARTHTALK

A. General Description: Earthtalk is a calling card service designed for individuals 18 years or older who desire a long distance service that donates a portion of the customer's monthly billing to various environmental groups.

B. Billing: Initial thirty (30) second minimum and additional one (1) second increments thereafter.

C. Credit Limit: The initial credit limit is \$75.00. All adjustments will be done on an individual case basis solely determined by COMPANY.

D. Rates: Calls made from within and outside specified NPA

Day	Evening	Night/Weekend
\$0.22	\$0.10	\$0.10

E. Charges:

Payphone Surcharge: \$0.25

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****46 ALLIANCE PROGRAM**

A. General Description: The Alliance Program offers a variety of product options designed to accommodate individual calling needs. These services are marketed through an agent of the Company. Rates and charges vary depending upon the option selected by the Customer. If a Customer discontinues service prior to the end of service agreement term, the Customer may be responsible for an amount equal to the Monthly Commitment for each month remaining on the contract term. This penalty is waived for those customers who subscribe to another Alliance service plan for the remainder of the contract term. The following service plans are available: One Plus and Dial Up Services, Inbound Calling, Dedicated Access Arrangements, and Travel Card service.

B. Alliance Program - One Plus and Dial Up Services: Allows Customers to utilize the Company's network to place 1+ direct dialed calls from presubscribed telephones. The service is available from equal access end offices only. Dial Up service can be used for placing intraLATA calls, where permitted.

C. Minimum Commitment: Customers must commit to billing more than \$50 per month.

D. Minimum Monthly Fee: A minimum monthly service fee of \$8.00 per month applies to accounts billing less than \$100.00.

E. Billing: Calls are timed and billed in six (6) second increments.

F. One Plus and Dial Up Options, Terms and Rates:

Product	Service Term	Rate Per Minute
Option 185	Monthly	\$0.1850
Option 179	3 Months	\$0.1790
Option 175	6 Months	\$0.1750
Option 169	9 Months	\$0.1690
Option 165	12 Months	\$0.1650
Option 159	15 Months	\$0.1590
Option 155	18 Months	\$0.1550
Option 149	21 Months	\$0.1490
Option 145	24 Months	\$0.1450
Option 139	27 Months	\$0.1390
Option 135	30 Months	\$0.1350
Option 129	33 Months	\$0.1290
Option 125	36 Months	\$0.1250
Option 119	39 Months	\$0.1190
Option 115	42 Months	\$0.1150
Option 109	45 Months	\$0.1090
Option 105	48 Months	\$0.1050

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**46. ALLIANCE PROGRAM (Cont'd)G. Alliance Program - Calling Card

(1) General Description: Provides telecommunications services and optional enhanced service to customers while traveling away from the office or home. Customers dial a toll-free access number followed by their authorization code to place a call using the Company's service. A monthly credit limit will be assigned to each card for fraud protection.

(2) Billing: Calls are timed and billed for an initial period of six (6) seconds, usage thereafter is measured in six (6) second increments. Under this arrangement, usage charges vary based on the option selected by the Customer.

(3) Product Options and Rates:

Product	Rate/Minute	Per Call Charge	Service Term
Option Card 792	\$0.3000	\$0.2500	Monthly
Option Card 794	\$0.2500	\$0.2500	6 Months
Option Card 796	\$0.2500	\$0.0000	12 Months
Option Card 797	\$0.1990	\$0.0000	18 Months

H. Alliance Program - Inbound Toll Free Services

(1) General Description: Enables customers to provide toll-free calling to their premises. Under these arrangements, the Customer is billed for long distance charges, not the originator of the call. The Customer may elect to utilize switched or dedicated access arrangements; services are available from equal access end offices only.

(2) Billing: Calls are timed and billed for an initial period of eighteen (18) seconds, usage thereafter is measured in six (6) second increments.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**40. **ALLIANCE PROGRAM (Cont'd)**H. **Alliance Program - Inbound Toll Free Services (Cont'd)**(3) **Inbound Switched Access Service Options, Terms and Rates:**

<b>Product</b>	<b>Service Term</b>	<b>Rate Per Minute</b>
Option 185	Monthly	\$0.1850
Option 179	3 Months	\$0.1790
Option 175	6 Months	\$0.1750
Option 169	9 Months	\$0.1690
Option 165	12 Months	\$0.1650
Option 159	15 Months	\$0.1590
Option 155	18 Months	\$0.1550
Option 149	21 Months	\$0.1490
Option 145	24 Months	\$0.1450
Option 139	27 Months	\$0.1390
Option 135	30 Months	\$0.1350
Option 129	33 Months	\$0.1290
Option 125	36 Months	\$0.1250
Option 119	39 Months	\$0.1190
Option 115	42 Months	\$0.1150
Option 109	45 Months	\$0.1090
Option 105	48 Months	\$0.1050

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**46. ALLIANCE PROGRAM (Cont'd)H. Alliance Program - Inbound Toll Fee Services (Cont'd)(4) Inbound Dedicated Access Service Options, Terms and Rates:

Product	Service Term	Rate Per Minute
Option 135	Monthly	\$0.1350
Option 129	3 Months	\$0.1290
Option 125	6 Months	\$0.1250
Option 119	9 Months	\$0.1190
Option 115	12 Months	\$0.1150
Option 159	15 Months	\$0.1590
Option 109	18 Months	\$0.1090
Option 099	21 Months	\$0.0990
Option 095	24 Months	\$0.0950
Option 089	27 Months	\$0.0890
Option 085	30 Months	\$0.0850
Option 079	33 Months	\$0.0790
Option 075	36 Months	\$0.0750
Option 071	39 Months	\$0.0710
Option 065	42 Months	\$0.0650
Option 063	45 Months	\$0.0630
Option 059	48 Months	\$0.0590

I. Alliance Program - Dedicated Access Service

(1) General Description: Outbound service arrangement designed for high volume users. Under this arrangement, customers access the Company's network via dedicated access T-1 (1.544 Mbps) facilities. Service is available only where T-1 access is available. The Customer is responsible for payment of all charges associated with the dedicated access ( T-1) arrangement. Such charges are normally established and billed by a local exchange carrier or alternative access provider. If the Customer requests that COMPANY order and bill the T-1 circuit, an administrative charge equal to 50% of the monthly recurring charge for the circuit will be applicable.

(2) Billing: Calls are timed and billed for an initial period of six (6) seconds. usage thereafter is measured in six (6) second increments. Under this arrangement, usage charges vary based on the monthly term commitment chosen by the Customer as set forth below.

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**SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****4. ALLIANCE PROGRAM (Cont'd)****1. Alliance Program - Dedicated Access Service (Cont'd)****(3) Dedicated Access Service Options, Terms and Rates:**

Product	Service Term	Rate Per Minute
Option 135	Monthly	\$0.1350
Option 129	3 Months	\$0.1290
Option 125	6 Months	\$0.1250
Option 119	9 Months	\$0.1190
Option 115	12 Months	\$0.1150
Option 159	15 Months	\$0.1590
Option 109	18 Months	\$0.1090
Option 099	21 Months	\$0.0990
Option 095	24 Months	\$0.0950
Option 089	27 Months	\$0.0890
Option 085	30 Months	\$0.0850
Option 079	33 Months	\$0.0790
Option 075	36 Months	\$0.0750
Option 071	39 Months	\$0.0710
Option 065	42 Months	\$0.0650
Option 063	45 Months	\$0.0630
Option 059	48 Months	\$0.0590

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SECTION 3 – SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)47. AFFINITY PROGRAMS

The Company's long distance services may be offered in conjunction with another company's product or service. Rates and charges vary depending upon the program purchased by the Customer as described below.

Special Touch Service –

Description: Designed for small business and residential users.

Billing: 1-minute initial period, 6 second increments thereafter.

Rate: \$0.139 per minute, all times.

Calling Card: \$0.199 per minute, all times.

FGW Program –

Description: 1+ and access code dialing long distance with calling card service.

Billing: 6 second increments, no initial minimum.

Rate: \$0.189 per minute, all times.

Calling Card: \$0.25 per minute, all times.

WRG Program –

Description: 1+ long distance with calling card service.

Billing: 6 second increments, no initial minimum.

Minimum monthly usage charge of \$75.00 applies.

Minimum service period of 12 months applies.

Rate: \$0.179 per minute, all times

Calling Card: \$0.25 per minute, all times.

RDA Program –

Description: Pre-paid calling card and enhanced telecommunications services offered to association members.

Billing: Full minute increments.

Initial fee: \$25.00 - \$250.00 against which all charges are debited.

Rate: \$0.299 per minute, all times.

Operator Service: \$1.00 first minute, \$0.299 per minute thereafter.

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****4. DIRECT OPTIMUM**

A. Service Description: Direct Optimum is a switched 1+ outbound package of long distance services available to residential customers. The Direct Optimum package includes the following services: 1+ outbound, toll-free inbound 800/888/877, and calling card services.

B. Switched 1+ Outbound Long Distance Service:

(1). Time Periods:

Period	Times	Days
Peak	8:00 AM - 5:00 PM	Monday through Friday
Off-Peak	All other times	

(2). Billing increments: Full minute

(3). Rates:

Period	Rates
Peak	\$0.12
Off-Peak	\$0.09

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****43. DIRECT OPTIMUM (Cont'd)****C. Domestic Switched Toll Free Inbound 800/888/877 Service:****(1). Time periods:**

Period	Times	Days
Day	8:00 AM – 5:00 PM	Monday through Friday
Evening	5:00 PM – 11:00 PM	Monday through Friday Sunday
Night	11:00 PM – 8:00 AM	Monday through Friday
	All day	Saturday
	11:00 PM – 5:00 PM	Sunday

**(2). Billing increments: Full minute****(3). Rates:**

Period	Rates
Day	\$0.199
Evening	\$0.168
Night	\$0.139

**(4). Charges:**

Monthly Service Charge:	\$2.50 per month
Payphone Use Charge:	\$0.30 per call

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****45 DIRECT OPTIMUM (Cont'd)****D. Domestic Calling Card Service:****(1). Time periods:**

Period	Times	Days
Day	8:00 AM – 5:00 PM	Monday through Friday
Evening	5:00 PM – 11:00 PM	Monday through Friday Sunday
Night	11:00 PM – 8:00 AM	Monday through Friday
	All day	Saturday
	11:00 PM – 5:00 PM	Sunday

**(2). Billing increments: Full minute****(3). Rates:**

Period	Rates
Day	\$0.250
Evening	\$0.225
Night	\$0.200

**(4). Charges:**

Payphone Use Charge: \$0.30 per call

**E. Directory Assistance – The following interstate and intrastate charges apply to Directory Assistance calls placed by Direct Optimum subscribers:**

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****49. SIMPLICITY**

A. Service Description: Simplicity is a switched 1+ outbound package of long distance services available to commercial/business customers. The Simplicity package includes the following services: 1+ outbound, toll-free inbound 800/888/877, and calling card services. Where specified, volume usage discounts apply to the base rate for customers committed to meeting certain monthly usage requirements. Rates apply 24 hours a day, 7 days a week.

B. Base Rate Discounts available:

Monthly Usage		Volume Discount
\$0.00 -	\$499.99	0%
\$500.00 -	\$999.99	5%
\$1,000.00 -	\$1,999.99	10%
\$2,000.00 -	\$4,999.99	15%
\$5,000.00 -	\$9,999.99	20%
\$10,000.00 -	\$14,999.99	25%
\$15,000.00 -	\$19,999.99	30%
\$20,000.00 -	\$29,999.99	35%
\$30,000.00 -	+	40%

ISSUED: April 11, 2001  
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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)

40. SIMPLICITY (Cont'd)

C. Switched 1+ Outbound Long Distance:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.0085 per Period
- (4). Usage Discounts Apply

D. Switched Toll-Free Inbound 800/888/877 Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.010 per Period
- (4). Usage Discounts Apply
- (5). Charges:
  - Monthly Service Charge: \$2.50
  - Payphone Use Charge: \$0.30 per call

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**49. **SIMPLICITY (Cont'd)**

## E. Calling Card Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.014 per Period
- (4). Usage Discounts Apply
- (5). Charges:  
Payphone Use Charge: \$0.30 per call

F. Directory Assistance: The following interstate and intrastate charges apply to Directory Assistance calls placed by Simplicity subscribers:

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****50. LATITUDES I**

A. Service Description: Latitudes I is a switched 1+ outbound package of long distance services available to commercial/business customers. The Simplicity package includes the following services: 1+ outbound, toll-free inbound 800/888/877, and calling card services. Where specified, volume usage discounts apply to the base rate for customers committed to meeting certain monthly usage requirements. Peak and Off-Peak rates apply.

B. Base Rate Discounts available:

Monthly Usage		Volume Discount
\$0.00 -	\$499.99	5%
\$500.00 -	\$999.99	10%
\$1,000.00 -	\$1,999.99	15%
\$2,000.00 -	\$4,999.99	20%
\$5,000.00 -	\$9,999.99	25%
\$10,000.00 -	+	30%

C. Switched 1+ Outbound Long Distance:

(1). Time Periods:

Period	Times	Days
Peak	8:00 AM – 5:00 PM	Monday through Friday
Off-Peak	All other times	

(2). Billing Increments: Calls billed in 6-second Periods

(3). Rates:

Period	Base Rates
Peak	\$0.0125 per Period
Off-Peak	\$0.0115 per Period

(4). Usage Discounts Apply

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**50. LATITUDES I (Cont'd)

## D. Switched Toll-Free Inbound 800/888/877 Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.01299 per Period
- (4). Usage Discounts Apply
- (5). Charges:  
Payphone Use Charge: \$0.30 per call

## E. Calling Card Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Full minute
- (3). Rates: Base Rate - \$0.20 per minute
- (4). Usage Discounts Apply
- (5). Charges:  
Payphone Use Charge: \$0.30 per call

F. Directory Assistance: The following interstate and intrastate charges apply to Directory Assistance calls placed by Latitudes I subscribers:

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****51. LATITUDES II**

A. Service Description: Latitudes II is a dedicated long distance calling plan available to commercial/business customers. The Latitudes II plan includes the following services: Dedicated I+ outbound, dedicated toll-free inbound 800/888/877, and calling card services. Where specified, volume usage discounts apply to the base rate for customers committed to meeting certain monthly usage requirements. Peak and Off-Peak rates apply.

B. Base Rate Discounts available:

Monthly Usage	Volume Discount
\$0.00 - \$499.99	5%
\$500.00 - \$999.99	10%
\$1,000.00 - \$1,999.99	15%
\$2,000.00 - \$4,999.99	20%
\$5,000.00 - \$9,999.99	25%
\$10,000.00 - +	30%

C. Dedicated I+ Outbound Long Distance:

(1). Time Periods:

Period	Times	Days
Peak	8:00 AM - 5:00 PM	Monday through Friday
Off-Peak	All other times	

(2). Billing Increments: Calls billed in 6-second Periods

(3). Rates:

Period	Base Rates
Peak	\$0.0100 per Period
Off-Peak	\$0.0095 per Period

(4). Usage Discounts Apply

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SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)51. LATITUDES II (Cont'd)

## D. Dedicated Toll-Free Inbound 800/888/877 Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.0110 per Period
- (4). Usage Discounts Apply
- (5). Charges:  
Payphone Use Charge: \$0.30 per call

## E. Calling Card Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Full minute
- (3). Rates: Base Rate - \$0.20 per minute
- (4). Usage Discounts Apply
- (5). Charges:  
Payphone Use Charge: \$0.30 per call

F. Directory Assistance: The following interstate and intrastate charges apply to Directory Assistance calls placed by Latitudes II subscribers:

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**

**52. MILLENNIUM I**

A. Service Description: Millennium I is a switched 1+ outbound package of long distance services available to residential customers. The Millennium I package includes the following services: 1+ outbound, toll-free inbound 800/888/877, and calling card services and comes in the following three options:

- (1). Option 1 – No Monthly Service Charge Applies
- (2). Option 2 – A \$2.50 Monthly Service Charge Applies
- (3). Option 3 – A \$4.95 Monthly Service Charge Applies

B. Time Periods and Billing: All Millennium I Option plans are billed in full minute increments and the rates are available 24 hours a day, 7 days a week.

C. Services, Rates and Charges:

Millennium I Options	Service	Rate	Monthly Service Charge
Option 1	1+ Outbound	\$0.09	None
	Toll-Free Inbound	\$0.14	
	Calling Card	\$0.20	
Option 2	1+ Outbound	\$0.08	\$2.50
	Toll-Free Inbound	\$0.12	
	Calling Card	\$0.18	
Option 3	1+ Outbound	\$0.07	\$4.95
	Toll-Free Inbound	\$0.10	
	Calling Card	\$0.16	

D. Payphone Use Charge applies to Calling Card and Toll-Free Inbound calls originating from payphones:

Payphone Use Charge: \$0.30 per call

E. Directory Assistance: The following interstate and intrastate charges apply to Directory Assistance calls placed by Millennium I subscribers:

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)**53. MILLENNIUM II

A. Service Description: Millennium II is a switched 1+ outbound package of long distance services available to business/commercial customers. The Millennium II package includes the following services: 1+ outbound, toll-free inbound 800/888/877, and calling card services. Where specified, volume usage discounts apply to the base rate for customers committed to meeting certain monthly usage requirements.

B. Base Rate Discounts available:

Monthly Usage		Volume Discount
\$0.00 -	\$499.99	5%
\$500.00 -	\$999.99	10%
\$1,000.00 -	\$1,999.99	15%
\$2,000.00 -	\$4,999.99	20%
\$5,000.00 -	\$9,999.99	25%
\$10,000.00 -	+	30%

C. Switched 1+ Outbound Long Distance:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.008075 per Period
- (4). Usage Discounts Apply

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**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****3.3. MILLENNIUM II (Cont'd)****D. Switched Toll-Free Inbound 800/888/877 Service:**

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.0095 per Period
- (4). Usage Discounts Apply
- (5). Charges:
 

Monthly Service Charge:	\$2.50
Payphone Use Charge:	\$0.30 per call

**E. Calling Card Service:**

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.0133 per Period
- (4). Usage Discounts Apply
- (5). Charges:
 

Payphone Use Charge:	\$0.30 per call
----------------------	-----------------

**F. Directory Assistance:** The following interstate and intrastate charges apply to Directory Assistance calls placed by Millennium II subscribers:

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

ISSUED: April 11, 2001  
Issued by:

EFFECTIVE:

Michael J. Meldahl, President  
TOUCH AMERICA, Inc.  
130 N. Main Street  
Butte, Montana 59701  
(406) 496-5100



**SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)****54. MILLENNIUM III**

A. Service Description: Millennium III is a dedicated long distance calling plan available to commercial/business customers. The Millennium III plan includes the following services: Dedicated 1+ outbound, dedicated toll-free inbound 800/888/877, and calling card services. Where specified, volume usage discounts apply to the base rate for customers committed to meeting certain monthly usage requirements.

## B. Base Rate Discounts available:

Monthly Usage		Volume Discount
\$0.00 -	\$499.99	5%
\$500.00 -	\$999.99	10%
\$1,000.00 -	\$1,999.99	15%
\$2,000.00 -	\$4,999.99	20%
\$5,000.00 -	\$9,999.99	25%
\$10,000.00 -	+	30%

## C. Dedicated 1+ Outbound Long Distance:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.005225 per Period
- (4). Usage Discounts Apply

ISSUED: April 11, 2001  
Issued by:

EFFECTIVE:

Michael J. Meldahl, President  
TOUCH AMERICA, Inc.  
130 N. Main Street  
Butte, Montana 59701  
(406) 496-5100

SECTION 3 - SERVICE DESCRIPTIONS, RATES AND CHARGES (Cont'd)54. MILLENNIUM III (Cont'd)

## D. Dedicated Toll-Free Inbound 800/888/877 Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Calls billed in 6-second periods
- (3). Rates: Base Rate - \$0.005225 per Period
- (4). Usage Discounts Apply
- (5). Charges:
 

Monthly Service Charge:	\$2.50
Payphone Use Charge:	\$0.30 per call

## E. Calling Card Service:

- (1). Time Periods: All day, every day
- (2). Billing Increments: Full minute
- (3). Rates: Base Rate - \$0.099 per minute
- (4). Usage Discounts Do Not Apply
- (5). Charges:
 

Payphone Use Charge:	\$0.30 per call
----------------------	-----------------

F. Directory Assistance: The following interstate and intrastate charges apply to Directory Assistance calls placed by Millennium III subscribers:

Directory Assistance	
Interstate	\$0.60 per minute or fraction
Intrastate	\$0.37 per minute or fraction

ISSUED: April 11, 2001  
Issued by:

EFFECTIVE:

Michael J. Meldahl, President  
TOUCH AMERICA, Inc.  
130 N. Main Street  
Butte, Montana 59701  
(406) 496-5100

**EXHIBIT G**

List of States Where Touch America is Authorized to Provide  
Telecommunications Services

Touch America is presently certified, registered or otherwise authorized to provide telecommunications services in the following states:

Alabama	Nebraska
Arkansas	Nevada
California	New Hampshire
Colorado	New York
Delaware	North Dakota
Florida	Ohio
Georgia	Oklahoma
Idaho	Oregon
Illinois	Pennsylvania
Indiana	Rhode Island
Iowa	Tennessee
Kansas	Texas
Kentucky	Utah
Michigan	Vermont
Minnesota	Washington
Mississippi	West Virginia
Missouri	Wisconsin
Montana	Wyoming

Touch America has filed for, and is anticipating, certification or authority to provide facilities-based interexchange telecommunications services in the following states:

Louisiana  
Maine  
Maryland  
New Jersey  
West Virginia  
Virginia  
South Carolina  
North Carolina  
Connecticut

Telecommunications  
E-Commerce  
Technology  
Corporate & Finance  
Trademarks  
Proprietary Rights  
Complex Litigation  
General Business Law

## The Helein Law Group, P.C.

8180 Greensboro Drive  
Suite 700  
McLean, VA 22102

(703) 714-1300 (Telephone)  
(703) 714-1330 (Facsimile)  
mail@helein.com

Management Consulting Group  
Global Telecompetition Consultants, Inc. (GTC)  
(703) 714-1320 (Telephone)

RECEIVED

APR 12 2001

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Writer's Direct Dial Number

Writer's E-mail Address

(703) 714-1313

April 11, 2001

jmarashlian@helein.com

### VIA OVERNIGHT DELIVERY

Ms. Delaine Kolbo  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Ave.  
Peirri, SD 57501-5070

Re: Touch America Services, Inc.  
For Authority to Transfer its Certificate of  
Authority to Touch America, Inc.

Notification of Assignment of Assets to  
Touch America, Inc.

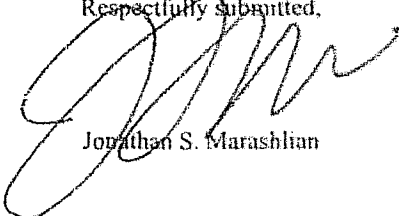
Request for Waiver of Customer Authority

Dear Ms. Kolbo:

Enclosed please find Check No. 7393 in the amount of \$250.00. This check is being sent in order to cover the filing fee which we neglected to enclose with our filing of April 10, 2001.

An extra copy of this letter enclosed. Please date-stamp it and returned it in the postage-paid envelope provided. Please direct all inquiries and correspondence related to this filing to me.

Respectfully submitted,

  
Jonathan S. Marashlian

Enclosures

THE HELEIN LAW GROUP, P.C.

7393

VENDOR ID: SDPUBLICUT

CHECK NO: 00007393

DATE: 04/11/01

PAYEE: SD Public Utilities Commission MEMO:

ACCOUNT

AMOUNT

5200 Client Expenses

250.00

TC01-040

CHECK TOTAL: \*\*\*\*\*\$250.00

THE HELEIN LAW GROUP, P.C.

8180 GREENSBORO DRIVE SUITE 700  
MCLEAN, VIRGINIA 22102

BB&T BRANCH BANKING & TRUST CO.  
MCLEAN, VA 22102

68-531/560

7393

00007393

PAY TWO HUNDRED FIFTY AND XX / 100 Dollars

DATE 04/11/01

AMOUNT \*\*\*\*\*\$250.00

TO THE ORDER OF SD Public Utilities Commission

*Deborah Schwede*  
AUTHORIZED SIGNATURE

⑈007393⑈ ⑆056005318⑆5136293844⑈

Security Features - Details on back

South Dakota Public Utilities Commission

**WEEKLY FILINGS**

For the Period of April 12, 2001 through April 18, 2001

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing. Phone: 605-773-3705 Fax: 605-773-3809

**TELECOMMUNICATIONS**

**TC01-040 In the Matter of the Filing for Approval of Transfer of Certificate of Authority from Touch America Services, Inc. to Touch America, Inc.**

Touch America Services, Inc. seeks approval to transfer its Certificate of Authority to provide non-dominant competitive resold and facilities-based interexchange telecommunications services and alternative operator services to its indirect parent Touch America. Touch America Services has also given notice to the Commission of the proposed pro forma assignment of interexchange assets from Touch America Services to Touch America. Touch America Services is requesting that the Commission grant a waiver of Administrative Rules of South Dakota Chapter 20:10:34:02.01 governing unauthorized changes in carriers.

Staff Analyst: Michele Farris  
Staff Attorney: Kelly Frazier  
Date Docketed: 04/12/01  
Intervention Deadline: 05/04/01

**TC01-041 In the Matter of the Application of Custom Teleconnect, Inc. for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.**

Custom Teleconnect, inc. (Teleconnect) is seeking a Certificate of Authority to provide interexchange telecommunications services throughout South Dakota. Teleconnect intends to offer both inbound and outbound intraLATA and interLATA intraState interexchange services and operator services to aggregators of pay telephones and hospitality locations.

Staff Analyst: Heather Forney  
Staff Attorney: Karen Cremer  
Date Docketed: 04/13/01  
Intervention Deadline: 05/04/01

**TC01-042 In the Matter of the Filing for Approval of a Resale Agreement between Qwest Corporation and American Prepaid Telephone Service, LLC d/b/a South Dakota Prepaid Telephone Service.**

On April 16, 2001, a Resale Agreement between Qwest Corporation (Qwest) and American Prepaid Telephone Service, LLC d/b/a South Dakota Prepaid Telephone Service was filed with the Commission for approval. According to the parties the agreement is a negotiated agreement which sets forth the terms, conditions and prices under which Qwest will provide services for resale to South Dakota Prepaid Telephone Service for the provision of local exchange services. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than May 7, 2001. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier  
Date Docketed: 04/16/01  
Initial Comments Due: 05/07/01

You may receive this listing and other PUC publications via our website or via internet e-mail. You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc/>

**The Helein Law Group, P.C.**

8180 Greensboro Drive  
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McLean, VA 22102

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mail@helein.com

Management Consulting Group  
Global Telecompetition Consultants, Inc. (GTC)  
(703) 714-1320 (Telephone)

Writer's Direct Dial Number

(703) 714-1313

May 10, 2001

Writer's E-mail Address

imarashlian@helein.com

RECEIVED

MAY 11 2001

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

**VIA OVERNIGHT DELIVERY**

Ms. Michele M. Farris, P.E.  
Utility Analyst  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Ave.  
Pierre, South Dakota 57501-5070

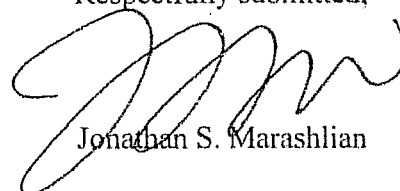
**Re: TC01-040 – Approval of Transfer of Certificate of Authority from  
Touch America Services, Inc. to Touch America, Inc.**

Dear Ms. Farris:

On behalf of Touch America, Inc. ("Touch America") and Touch America Services, Inc. ("Touch America Services"), its attorneys hereby submits two substitute pages of its proposed S.D.P.U.C. Tariff No. 1, pages 26 and 27, pursuant to a conversation with Kelly Frazier, Staff Attorney at the South Dakota Public Utilities Commission, on May 10, 2001.

If you have any questions, please contact the undersigned at the above telephone number. An extra copy of this filing is enclosed, please date stamp and return in the self-addressed, stamped envelope.

Respectfully submitted,



Jonathan S. Marashlian

Enclosure

cc. Susan Callaghan  
John Fitzpatrick



SECTION 2 - RULES AND REGULATIONS (Cont'd)7. LIABILITY/CREDIT ALLOWANCES

A. COMPANY shall not be liable for any failure of performance due to causes beyond its control, including, but not limited to, acts of God, fires, floods or other catastrophes, national emergencies, insurrections, riots of wars; strikes, lockouts, work stoppages or other labor difficulties, Connecting Carrier operating problems; and any law order, regulation or other action of any governing authority or agency thereof.

B. If the subscriber's service is interrupted for reasons other than the subscriber's negligence or a willful act of the subscriber and the service remains out of order for more than 24 hours after being reported or found to be out of order, the telecommunications company shall make an adjustment or refund to the subscriber. The refund to the subscriber shall be the pro rata part of the monthly charge for the period of days and for that portion of the service and facilities rendered useless or inoperative by the outage. The refund may be accompanied by a credit on subsequent bills for the telecommunications service.

C. COMPANY's liability for misconduct, if established as a result of judicial or administrative proceedings, is not limited by this tariff. With respect to any other claim or suit, by a customer or any others, for damages associated with ordering (including reservations of any specific number(s) for use with a service), installation (including delays thereof), provision, termination, maintenance, repair, interruption, or restoration of any service and/or facilities offered under this tariff, COMPANY's liability, if any, shall be limited as follows:

(1). With respect to any service provided by COMPANY, which involves dedicated access, COMPANY's liability shall be determined in accordance with SDCL 49-13-1, 49-13-1.1, and any other applicable law.

(2). With respect to any toll free Inbound Service (800, 888, 877, 866, etc.; hereafter referred to as 800 Inbound Service) provided by COMPANY which involves per minute usage charges, COMPANY's liability shall be determine in accordance with SDCL 49-13-1, 49-13-1.1, and any other applicable law.

ISSUED: April 11, 2001

EFFECTIVE:

Issued by:

Michael J. Meldahl, President  
TOUCH AMERICA, Inc.  
130 N. Main Street  
Butte, Montana 59701  
(406) 496-5100

SECTION 2 - RULES AND REGULATIONS (Cont'd)7. LIABILITY/CREDIT ALLOWANCES (Cont'd)

(3). COMPANY shall not be liable at all for the use, misuse, or abuse of a customer's 800 Inbound Service by third parties, including, without limitation, the customer's employees or members of the public who dial the customer's 800 Inbound Service number by mistake or intentionally bother the customer with repeated calls. Compensation for any injury the customer may suffer due to the fault of others than COMPANY must be sought from such other parties.

(4). Subject to the specific limitations set forth in this paragraph, for all of COMPANY's services for which charges are specified on the basis of per minute of use, or on usage of a fraction of a minute, and in which there may be interruption of any individual call caused by COMPANY which can be remedied by redialing the call.

a. A credit allowance will be made for that portion of a call which is interrupted due to poor transmission (e.g. noisy circuit), one-way transmission (one party is unable to hear the other), or involuntary disconnection caused by COMPANY's service. A customer may also be granted credit for reaching a wrong number. To receive a credit, the customer must notify COMPANY's Customer Service Center and furnish the number from which the call was placed, the number called, the difficulty experienced and approximate time the call was placed. Credit allowances will not be made for (1) interruptions not reported to COMPANY or (2) interruptions that are due to the failure of power equipment, systems or services not provided by COMPANY. If the customer elects to use another means of communications after one of the above interruptions, or during a period when they are unable to place a call over COMPANY, the customer must pay the charges for the alternative service used.

b. Where a call has been disconnected, the customer will be given a credit allowance equivalent to the charge for the initial minute of the call made to reestablish communications with the other party. Where a call has been interrupted by poor transmission or one-way transmission, the customer will be given allowance up to an amount equivalent to the charge for the initial minute of the call to the number if they report the situation promptly to a COMPANY Customer Service Representative.

ISSUED: April 11, 2001  
Issued by:

EFFECTIVE:

Michael J. Meldahl, President  
TOUCH AMERICA, Inc.  
130 N. Main Street  
Butte, Montana 59701  
(406) 496-5100

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Management Consulting Group  
Global Telecompetition Consultants, Inc. (GTC)  
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Writer's Direct Dial Number

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Writer's E-mail Address

[jmarashlian@helein.com](mailto:jmarashlian@helein.com)

May 11, 2001

RECEIVED

MAY 14 2001

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

## VIA OVERNIGHT DELIVERY

Ms. Michele M. Farris, P.E.  
Utility Analyst  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Ave.  
Pierre, South Dakota 57501-5070

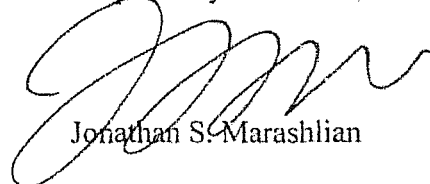
**Re: TC01-040 – Approval of Transfer of Certificate of Authority from  
Touch America Services, Inc. to Touch America, Inc.**

Dear Ms. Farris:

On behalf of Touch America, Inc. ("Touch America") and Touch America Services, Inc. ("Touch America Services"), its attorneys hereby submits two substitute pages of its proposed S.D.P.U.C. Tariff No. 1, pages 12 and 39, pursuant to your May 10, 2001 request.

If you have any questions, please contact the undersigned at the above telephone number. An extra copy of this filing is enclosed, please date stamp and return in the self-addressed, stamped envelope.

Respectfully submitted,



Jonathan S. Marashlian

Enclosure

cc. Susan Callaghan  
John Fitzpatrick

TARIFF FORMAT

1. Page Numbering - page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the Tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between page 14 and 15 would be 14.1.
2. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the South Dakota Public Utilities Commission ("SDPUC"). For example, the 4th revised page 14 cancels the 3rd revised page 14. Consult the check page for the page currently in effect.
3. Paragraph Numbering Sequence - While there are several possible levels of paragraph coding exemplified below, only the 1st four levels are currently used in this tariff. Each level of coding is subservient to its next higher level:
  1.
    - 1.A.
      - 1.A.(1).
        - 1.A.(1).(a).
          - 1.A.(1).(a).(i).
4. Check Pages -- When a tariff filing is made with the SDPUC an updated check page accompanies the tariff filing. The check page lists the pages contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check page is changed to reflect the revision. All revisions made in the given filing are designated by an asterisk (\*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages).

ISSUED: April 11, 2001  
Issued by:

EFFECTIVE:

Michael J. Meldahl, President  
TOUCH AMERICA, Inc.  
130 N. Main Street  
Butte, Montana 59701  
(406) 496-5100

SECTION 2 - RULES AND REGULATIONS (Cont'd)20. ESTABLISHMENT OF CREDIT  
SECURITY DEPOSIT/ADVANCE PAYMENT (Cont'd)

(2). "Unsatisfactory Credit" is defined as one or more disconnections in the most recent year of telecommunications service

The deposit for unsatisfactory credit shall be no more than the estimated cost of service for two months. The estimate shall be based on past telecommunications bill information and computed by multiplying the average monthly bill over the past 12 months times two. If bills for at least 12 months are not available, COMPANY may use the bills that are available. If a subscriber is unable to pay the full amount of the deposit, COMPANY may use the bills that are available. If a subscriber is unable to pay the full amount of the deposit, COMPANY shall accept payment of the deposit in installments over not more than three months.

The telecommunications company shall inform the subscriber of the option of receiving toll-restricted service on lieu of paying a deposit. If the subscriber chooses toll-restricted service and pays bills for service for 12 consecutive months without having service disconnected for nonpayment and without receiving three or more disconnection notices, the company shall offer the subscriber full service.

E. Deposit policy for applicants with no past service

If an applicant claims no past service, COMPANY has no information to dispute this claim, and COMPANY can establish through readily available credit information that the applicant is a high credit risk the telecommunications company may require a deposit based on the average cost of service for two months or \$130.00, whichever is less, payable in up to three monthly installments. COMPANY may require a \$25.00 deposit from an applicant with no past service if COMPANY cannot establish through available credit information any credit risk.

F. In lieu of a deposit

COMPANY may accept an advance payment or a guarantor or may provide toll-restricted service. COMPANY will inform the applicant of the option of receiving toll-restricted service in lieu of paying a deposit. If the applicant chooses toll-restricted service and pays bills for service for 12 consecutive months without having service disconnected for nonpayment and without receiving three or more disconnection notices, COMPANY will offer the applicant full service.

ISSUED: April 11, 2001  
Issued by:

EFFECTIVE:

Michael J. Meldahl, President  
TOUCH AMERICA, Inc.  
130 N. Main Street  
Butte, Montana 59701  
(406) 496-5100

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING FOR ) ORDER GRANTING  
APPROVAL OF TRANSFER OF CERTIFICATE ) TRANSFER OF CERTIFICATE  
OF AUTHORITY FROM TOUCH AMERICA ) OF AUTHORITY  
SERVICES, INC. TO TOUCH AMERICA, INC. ) TC01-040

On April 11, 2001, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:04.01, 20:10:24:04.02 and 20:10:24:05, received an application for transfer of certificate of authority from Touch America Services, Inc. (Touch America Services), to Touch America, Inc. (Touch America). Touch America Services requested a waiver of 20:10:34:02.01.

Touch America proposes to provide non-dominant competitive resold and facilities-based interexchange telecommunications services and alternative operator services.

On April 19, 2001, the Commission electronically transmitted notice of the filing and the intervention deadline of May 4, 2001, to interested individuals and entities. No petitions to intervene or comments were filed and at its May 22, 2001, meeting, the Commission considered the request for transfer of certificate of authority. Commission Staff recommended transferring the certificate of authority from Touch America Services to Touch America, contingent on receiving notification from Touch America that NeuStar has transferred the CIC Code from Touch America Services to Touch America. Touch America has agreed to provide the letter and therefore withdraws the request for a waiver of ARSD 20:10:34:02.01.

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:04.01 and 20:10:24:04.02. The Commission finds that Touch America has met the legal requirements established for the granting of a certificate of authority. Touch America has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves the application for transfer of certificate of authority from Touch America Services to Touch America. As the Commission's final decision in this matter, it is therefore

ORDERED, that the application for transfer of certificate of authority from Touch America Services to Touch America is hereby granted, effective June 11, 2001, contingent on receiving notification from Touch America that NeuStar has transferred the CIC Code from Touch America Services to Touch America. It is

FURTHER ORDERED, that Touch America shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 30<sup>th</sup> day of May, 2001.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By	<u>Relvaire Kelbo</u>
Date	<u>5/30/01</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

# SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

---

## *CERTIFICATE OF AUTHORITY*

To Conduct Business As A Telecommunications Company  
Within The State of South Dakota

Authority was Granted effective June 11, 2001  
Docket No. TC01-040

*This is to certify that*

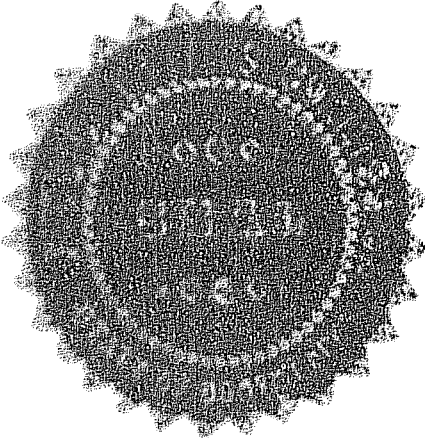
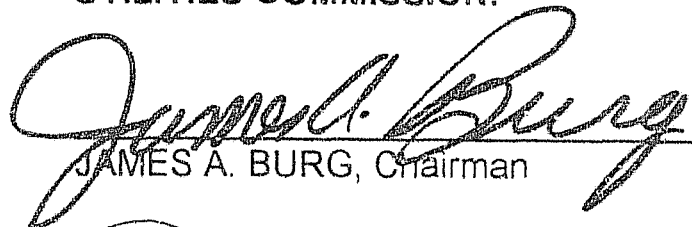
**TOUCH AMERICA, INC.**

is authorized to provide interexchange telecommunications services in  
South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD  
20:10:24:02, and is subject to all of the conditions and limitations contained in the  
rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 30<sup>th</sup> day of May, 2001.

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION:**

  
  
\_\_\_\_\_  
JAMES A. BURG, Chairman

  
\_\_\_\_\_  
PAM NELSON, Commissioner

# The Helein Law Group, P.C.

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Suite 300  
Blacksburg, VA 22602

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msh@helein.com

Management Consulting Group  
Global Telecompetition Consultants, Inc. (GTC)  
(508) 714-1100 (Telephone)

Writer's Direct Dial Number

(703) 714-1313

June 5, 2001

RECEIVED

JUN 06 2001

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Writer's E-mail Address

[jmarashlian@helein.com](mailto:jmarashlian@helein.com)

## VIA OVERNIGHT DELIVERY

Mr. William Bullard, Jr.  
Executive Secretary  
South Dakota Public Utilities Commission  
State Capitol Building  
100 East Capitol Ave.  
Pierre, South Dakota 57501-5070

Re: Docket No. TC01-040 – Touch America, Inc.

Dear Mr. Bullard:

On behalf of Touch America, Inc. ("Touch America"), and in compliance with the Order granting it a Certificate of Authority ("COA") in the above-captioned docket, its attorneys hereby submit an original and one (1) copy of Touch America's S.D.PUC Tariff No. 1, with an effective date of May 30, 2001, the date on which the Order granting the COA was signed.

In addition, because Touch America's COA grant was conditioned upon notification to the South Dakota Public Utilities Commission ("Commission") that NeuStar had transferred the carrier identification code ("CIC") from Touch America Services, Inc.'s name to Touch America's name, we wanted to take this opportunity to update the Commission regarding progress in this regard. On June 4, 2001, upon receipt of the Commission's Order, the paperwork necessary to process the CIC name change was submitted to NeuStar. These filings were made on this date because NeuStar representative asked Touch America for documentation demonstrating that it was necessary for NeuStar to provide "proof," in the form of a confirmation letter, that the name change was effected; the documentation Touch America required and submitted to NeuStar was the Commission's Order wherein grant of the COA is specifically conditioned upon receipt of notification regarding the transfer of CICs. Nevertheless, the

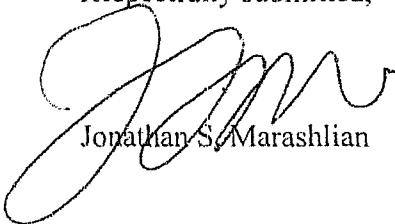


Process is currently underway, albeit NeuStar informed Touch America that it may take between 10-14 days before it can confirm, in writing, that the CIC name change has occurred. Thus, immediately upon notification from NeuStar, Touch America will relay such notice to the Commission in order to satisfy the Conditional Grant of COA.

If you have any questions or concerns regarding this filing, please contact the undersigned at the above telephone number.

An extra copy is enclosed. Please date stamp and return in the self-addressed, stamped envelope.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Marashlian', written over the typed name.

Jonathan S. Marashlian

Enclosure

cc. Michelle Farris – SD PUC  
Susan Callaghan  
John Fitzpatrick

# The Helein Law Group, P.C.

4145 Overbora Drive  
Suite 100  
McLean, VA 22102

(703) 714-1300 (Telephone)  
(703) 714-1330 (Facsimile)  
mail@helein.com

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- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

## FACSIMILE TRANSMISSION

\*\*\* For Immediate Delivery \*\*\*

Date: 6-18-01

To: William Bullard

From: South Dakota Puc

Fax Number: 605-773-3809

From: Jonathan Marashlian

Reference Number: 800.99

Pages Transmitted: 4

*If there are any difficulties in receiving this transmission, please contact us on (703) 714-1300 immediately. Thank You!*

### MESSAGE OR SPECIAL INSTRUCTIONS:

#### CONFIDENTIALITY NOTICE

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June 18, 2001

**VIA OVERNIGHT DELIVERY AND FACSIMILE**

Fax: (605) 773-3809

Mr. William Bullard, Jr.  
 Executive Secretary  
 South Dakota Public Utilities Commission  
 State Capitol Building  
 500 East Capitol Ave.  
 Pierre, South Dakota 57501-5070

**Re: TC01-040 -- Order Granting Transfer of Certificate of Authority**

**Transfer of Certificate of Authority from Touch America Services, Inc.  
 to Touch America, Inc.**

Dear Mr. Bullard:

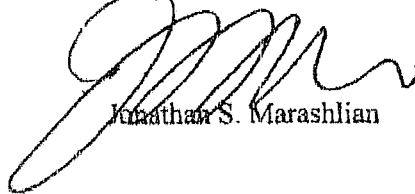
On behalf of Touch America, Inc. ("Touch America"), and in satisfaction of the condition contained in the above-captioned Order that requires Touch America to provide the South Dakota Public Utilities Commission ("Commission") with notification that NeuStar has transferred the CIC code from Touch America Services, Inc. ("Touch America Services") to Touch America, its attorneys hereby submit two copies of this notification letter and attached fax from NeuStar.

Through this letter, Touch America formally notifies the Commission that NeuStar has transferred the CIC code, previously assigned to Touch America Services, to Touch America, on June 15, 2001. Proof of this transfer is contained in the attached facsimile from NeuStar.

This notification letter and attachment fully satisfy the condition contained in the Commission's May 30, 2001 Order granting the transfer of certificate of authority in Docket TC01-040. Please respond to this letter to confirm.

If you have any questions, please contact the undersigned at the above telephone number. An extra copy of this filing is enclosed, please date stamp and return in the self-addressed, stamped envelope.

Respectfully submitted,



Jonathan S. Marashlian

cc:

Brian Callaghan  
John Fitzpatrick

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June 18, 2001

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**RECEIVED**

JUN 19 2001

Mr. William Bullard, Jr.  
Executive Secretary  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Ave.  
Pierre, South Dakota 57501-5070

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**FAX Received** JUN 18 2001

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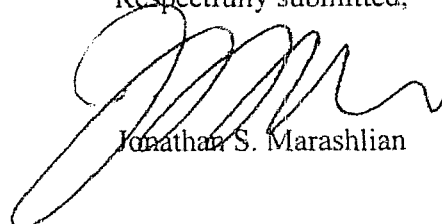
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Respectfully submitted,

A handwritten signature in black ink, appearing to be 'J. Marashlian', written in a cursive style.

Jonathan S. Marashlian

Enclosure

cc. Susan Callaghan  
John Fitzpatrick